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Tragic Toll of the Kobe Quake Keeps Rising

Compiled by Our Staff From Dispatchers

KOBE, Japan — The death toll from the earthquake in Western Japan rose above 4,000 Thursday, which made it the country's deadliest in more than 70 years.

The number of people seeking refuge in gymnasiums, schools and other relief centers reached 270,000 by Thursday night. They were still suffering in frigid temperatures from shortages of food, water, heating, and sanitary facilities.

Fire fighters, who had brought all of the 250 major blazes caused by Tues-

day's earthquake under control, faced as many as 90 new fires in damaged buildings. They were set off by power surges and by rescuers' digging through rubble to search for victims.

Residents of Kobe, the city hit hardest by the quake, accused the government of dragging its feet in providing aid.

"What does he mean 'you've had a hard time'?" a woman said after Prime Minister Tomiichi Murayama visited her refugee center, a Kobe school. "He should actually do something about this."

The police said the death toll reached 4,047 early Friday morning. The toll was the worst in Japan since the 1923 earthquake that killed 142,000 people in Tokyo and Yokohama and left more than 2 million homeless.

The Kobe quake injured 21,671 people and 727 were still missing, a spokesman for the National Police Agency said. About 30,000 buildings were heavily damaged or destroyed.

Criticism grew that authorities were unprepared for the disaster despite the

country's long experience with earthquakes. Defense and police officials rushed more personnel to the area.

After inspecting the damage in Kobe, Mr. Murayama said, "I have seen nothing like it. This is far beyond anybody's imagination."

Mr. Murayama's promises that help was on the way left some in Kobe unmoved. "I want to see tap water, not Murayama," said a man scooping water from a fountain. A sign on the fountain

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Yoshikazu Tsuno/Agence France-Presse

Refugees from the Kobe earthquake crowding into a school gymnasium Thursday. More than 270,000 people packed into makeshift shelters.

Tokyo, Stunned by Tragedy, Wonders if It Will Be Next

By Nicholas D. Kristof
New York Times Service

TOKYO — With the Japanese public transfixed by the horrifying images of toppled buildings and raging fires following the earthquake Tuesday, the question was: What if it had happened in Tokyo?

Earthquakes are relatively uncommon in Western Japan, where the devastating tremor Tuesday morning was centered, but seismologists have been warning for years that the Tokyo area should be prepared for a severe quake. Suddenly such warnings are being taken much more seriously.

"What if this earthquake had happened in Tokyo?" Japanese television asked.

The Tokyo Shimbun offered an answer in a banner headline: "A 7.2 magnitude quake in Tokyo would kill or injure 68,000 people."

Many such estimates of casualties in the event of a Tokyo quake are making

Road, rail and port repairs are expected to cost billions and take years. Page 4.

The devastation is likely to put upward pressure on interest rates. Page 11.

the rounds, and they vary enormously. But there is little doubt that a severe quake in Tokyo, with its metropolitan population of nearly 30 million — a quarter of Japan's total — would be an extraordinary catastrophe.

Tokyo is in an active earthquake zone,

and the last great quake in the area, in 1923, killed 142,000 people. The inferno triggered by that quake destroyed much of the Tokyo-Yokohama area and left more than 2 million homeless.

That quake and fire are still seared on the public's consciousness, and today's safety standards were designed with the intention that buildings and bridges could withstand a quake of similar magnitude, about 7.9 on the Richter scale. But the collapse of bridges and elevated highways in the city of Kobe in this week's more modest quake, which Japanese scientists measured at 7.2, has raised doubts about the standards.

"We must clarify what caused such devastating damage to bridges in Kobe," said Yasuyuki Koga, an official in the

Construction Ministry. "On that basis, we can re-examine the existing bridges in other areas."

"What would happen in Tokyo if a great earthquake happened here?" Mr. Koga asked. "It's a very important question that concerns many people, but I don't have an answer."

The delays in fighting fires and arranging relief shipments in Kobe also prompted doubts about whether Tokyo was as prepared as it thought.

"The lack of water and other supplies caused great anxiety," said Yuriko Koike, a member of the Parliament who has just returned from Kobe. "This quake has given us a great lesson in the

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No Trace of Peace in Bosnia's Cease-Fire

By Roger Cohen
New York Times Service

SARAJEVO, Bosnia-Herzegovina — Like its more than 30 predecessors, the cease-fire that took effect this month in Bosnia is slowly unraveling because the killing cannot be stopped while the political will to find a settlement is absent.

For example, the Serbs flew close to 20 helicopter sorties Wednesday to resupply positions just west of Bihać, where Muslim-led government forces have taken the villages of Vetro Polje and Klokoč in a counteroffensive begun after the cease-fire took effect on Jan. 1.

Paul Risley, a spokesman for the United Nations in Sarajevo, said the Serbian sorties were "a clear violation of the no-fly zone over Bosnia." The helicopters took off from the Udbina airfield in the adja-

cent Serbian-held part of Croatia, where NATO has also banned military flights.

The sorties appear to signal a Serbian determination to retake the two villages. NATO bombed the runways at the Udbina airfield in November but spared the Serbi-

NEWS ANALYSIS

an aircraft taking off from there at the insistence of UN commanders.

Since then, the prospects for any military involvement by the North Atlantic Treaty Organization in the Bosnian war have evaporated, and the latest Serbian flights predictably prompted no response.

The Serbian sorties and the earlier government offensive illustrated the way the Muslim-led government and the Serbs are preparing for more war rather than considering options for peace.

Moreover, the absence of any international response illustrates the complete disarray of peacemaking efforts.

Already, the ambitious so-called "cessation of hostilities" accord signed on Dec. 31 has frayed to the point where it is little more than a tenuous cease-fire, much like its ephemeral predecessors in the 33-month-old war.

Under the terms of the four-month agreement, utilities were supposed to be restored, but Sarajevo was virtually without gas Wednesday in temperatures well below freezing. Sniping was supposed to stop, but a young boy out sledding in the capital was shot and wounded by a Serbian.

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Kiosk

EU Body Backs Talks on Algeria

STRASBOURG, France (AP) — The European Parliament on Thursday backed a peace initiative by Algerian opposition groups and called on the government in Algiers to reopen talks to end a bloody civil war.

The body, representing the 15 nations of the European Union, "welcomed" the results of the talks last week in Rome, where the main opposition groups participated, including the Islamic Salvation Front.

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Bosnians and Rebels Intensify Clashes

UN Reports Fighting in Bihac And on Several Other Fronts

Reuters

SARAJEVO, Bosnia-Herzegovina — Fighting intensified Thursday in the mainly Muslim Bihac area in northwest Bosnia. In addition, Serbian and Muslim-led government forces traded fire in several other areas across Bosnia, the United Nations said.

A UN spokesman in the Croatian capital of Zagreb, Lieutenant Colonel Christian Levaudel, said there was increased shelling around a UN base near Velika Kladusa in the Bihac pocket.

"More than 400 detonations were recorded but we do not know who started it because we have no freedom of movement," he said.

Bosnian government troops have battled rebel Muslims supported by Croatian Serbian troops since the Muslim-led army began an offensive in the area last November.

Muslim forces loyal to a Serbian-backed rebel Muslim leader, Fikret Adic, seized the town of Velika Kladusa, the second largest in the area, three weeks ago.

Neither rebel Muslim nor Croatian forces have signed a four-month cease-fire agreed to by Bosnia's main warring parties on Dec. 31.

The United Nations expressed concern at reports that rebel Serbs from the Krajina region of Croatia were moving heavy weapons south toward

Bosnian government front lines in the Bihac enclave.

UN efforts to push forward with the truce have faltered. Neither the Bosnian government nor its Serbian foes seem ready to compromise and fighting has broken out in areas that had been quiet for months.

Western diplomats said that in areas where the cease-fire was being observed, it was probably largely because of the frigid weather now gripping much of Bosnia.

■ Great TV Chief Resigns

Croatian officials said Thursday that a hard-line nationalist in charge of state-run radio and television had resigned from one of the most influential jobs in the country. The Associated Press reported from Zagreb.

The resignation of Antun Vrdoljak, apparently under pressure, seemed partly to reflect President Franjo Tudjman's displeasure over television footage showing him after apparently having one drink too many.

Independent polls list Mr. Vrdoljak, a member of Parliament and of Mr. Tudjman's party, as one of Croatia's least-liked politicians.

The final blow appeared to be a television report on how Mr. Tudjman celebrated New Year's Eve, showing what appeared to be a slightly inebriated president dancing away the early hours in elite disco.

Front-Runner Shies From CIA Position

By Douglas Jehl
New York Times Service

WASHINGTON — John M. Deutch, the deputy defense secretary and once regarded as the front-runner to become director of central intelligence, has expressed serious reservations about taking the job, leaving the White House to widen its search.

Associates said that Mr. Deutch was reluctant to give up his policy position at the Pentagon. They said he also had concluded that because of academic sensitivities about the CIA, his serving as its chief could prevent his becoming president of the Massachusetts Institute of Technology, where he was provost.

White House officials had described Mr. Deutch as an ideal candidate to succeed the former director, R. James Woolsey Jr., who abruptly resigned last month. But aides to President Bill Clinton said that while Mr. Deutch's decision had complicated their search the president would not try to persuade him to reconsider.

At the same time, officials said it now appeared unlikely that Erskine Bowles, the consensus choice to succeed Robert Rubin as head of the National Economic Council, would be installed in that post.

The officials said that Mr. Bowles had done such a good job as deputy White House chief of staff for operations that Leon E. Panetta, the chief of staff, did not want to lose him. The officials said the job of coordinating administration economic policy might instead go to Laura D'Andrea Tyson, chairman of the Council of Economic Advisors.

In addition to these vacancies, two other top posts, White House political director and cabinet liaison, remain unfilled, underscoring the difficulty Mr. Clinton has had in choosing people for important administrative positions.

A decision on a new intelligence chief will probably not be

made until next week, administration officials said, noting that William J. Crowe Jr., a retired admiral who had also been mentioned, had indicated that he would prefer to remain ambassador to Britain.

Among the candidates still being considered, the officials said, is Senator William Cohen, Republican of Maine, a former vice chairman of the Senate Select Committee on Intelligence. But Mr. Cohen has said he has no plans to leave the Senate.

Others mentioned are Jamie Gorelick, the deputy attorney general, Admiral William A. Owens, vice chairman of the Joint Chiefs of Staff, and Samuel R. Berger, deputy national security adviser.

The officials cautioned that information about the search was being tightly held. Some said they suspected that only Mr. Clinton, Mr. Panetta, Vice President Al Gore and W. Anthony Lake, the national security adviser, knew precisely who was under consideration.

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Foreign Minister Alain Juppé of France in Rome on Thursday with his Italian counterpart, Susanna Agnelli, newly appointed by Prime Minister Lamberto Dini.

Italy's New Leader in a Vise

Communists Vow Opposition as Right Tightens Conditions

Reuters

ROME — The leadership of the Communist Re-Establishment Party voted narrowly Thursday to oppose the new government of Prime Minister Lamberto Dini in parliamentary confidence motions, a senior party official said.

The party could hold the key to whether Mr. Dini wins or loses two confidence votes vital to his government's survival after the Freedom Alliance of Prime Minister Silvio Berlusconi said it would oppose Mr. Dini unless general elections were set for June.

The Communist Re-Establishment official, Luciano Pettinari, said the leadership had voted, 26 to 14 with four abstentions, in support of a document "repeating its opposition to Dini."

Mr. Dini has pledged to pass limited reforms and then resign to make way for early general elections.

But leading members of the Freedom Alliance

criticized his promise to stay in power for only a few months as insufficient and ambiguous.

Mr. Berlusconi, who resigned as prime minister Dec. 22, repeated threats that unless a date was set for elections, the coalition of rightist parties he leads would not support Mr. Dini's government.

Mr. Dini's cabinet of professors and technicians will face an important test early next week in mandatory votes of confidence that his government must win in both houses of Parliament.

Mr. Dini, who was treasury minister under Mr. Berlusconi, tried to win the Freedom Alliance's support Wednesday by saying he would step down within a few months.

"What Dini said yesterday was certainly not enough," said Gianfranco Fini, the leader of the neofascist National Alliance and Mr. Berlusconi's most important ally.

Mr. Berlusconi commented: "We'll only vote in favor if we get what we want."

Jab at Major: Dissidents Seek EU Reform

Reuters

LONDON — Conservative rebels deepened the divisions in Britain's governing party Thursday by challenging Prime Minister John Major to consider their demands for sweeping reform of the European Union.

The demands, including abandoning the EU's farm policy and any idea of a single currency, amounted to another snub for Mr. Major, hours after the rebels tried to inflict an embarrassing defeat on the government in a vote on EU fishing policies.

Eight of nine rebels who were expelled from the parliamentary party last month for defying Mr. Major called a news conference at the House of Commons to offer their proposals.

The rebels, contending that the government had lost touch with public opinion over Europe, said their "Euro-skeptics" agenda was intended to be a constructive contribution to debate before the review of

the Treaty on European Union scheduled for next year.

"Unless the Conservative Party gets its policies right on Europe, the Conservative government will not be re-elected at the next general election," said Tony Marlow, one of the rebels.

"They are not in any sense conditions or demands," said Sir Teddy Taylor, another member of Parliament. "There is a serious crisis for our democracy and something has to be done."

Opposition parties said the manifesto proved the rebels were "a party within a party" and underlined the internal divisions in a party headed by an increasingly isolated prime minister.

The manifesto is a clear blow to Mr.

Major, who had held out olive branches to the rebels in the hope that they would rejoin the parliamentary party soon and restore a semblance of unity to the Conservatives, who are badly trailing in opinion polls.

The rebels complained that the EU was draining more and more constitutional power from Britain to Brussels, threatening the survival of Britain as a political entity.

"The aim of the 1996 negotiations should therefore be to seek a substantial repatriation of decision-making," the statement said. "If such an endeavor should prove to be impossible, our national aim should be to seek a separate relationship with the EU, possibly on the basis of free trade and friendship only."

"We should also make it clear," it added, "that the U.K. will in no circumstances agree to further EU funding until progress is made."

Adolf Butenandt Is Dead, Pioneer in Sex Hormones

By David Binder
New York Times Service

Adolf Butenandt, 91, a German scientist whose pioneering work on sex hormones earned him the Nobel Prize in Chemistry in 1939, died Wednesday in Munich after a long illness. The Associated Press reported.

His work in isolating and synthesizing several hormones opened the way to a profound understanding of their role in human sexuality and reproduction and made possible the development of birth control pills.

The Nazi government compelled Dr. Butenandt to decline the Nobel Prize, which he shared with Leopold Ruzicka, a native of Croatia who worked in Zurich. Dr. Butenandt he was not able to accept the gold medal and diploma until 1949.

His discoveries about the structure of sex hormones led to

the synthesis of steroids like cortisone, and paved the way for the development of birth control pills.

Later he conducted research on viruses, cancer and insecticides. His work on insects led to his discovery, with Erich Heckel, of the first crystallized pheromone, an attractant, in bombykol, the sexual substance of the silkworm.

Dr. Butenandt felt the impact of the Nazis on his career early. He was compelled to reject an offer to teach at Harvard in 1935, although he was allowed to accept a three-month fellowship from the Rockefeller Foundation that year.

But he was given prestigious positions. He directed the Kaiser Wilhelm Institute of Biochemistry in Berlin from 1936

to 1945, and its postwar successor, the Max Planck Institute for Biochemistry, from 1945 to 1960.

He then was president of the Max Planck Society, supervising the postwar rebuilding of German science, until 1972.

Wilhelm Haferkamp, 71, held EEC Executive Posts

BONN (Reuters) — Wilhelm Haferkamp, 71, a German member of the European Commission from 1967 to 1984, died Wednesday in a Brussels hospital, the Hamburg city government announced.

Mr. Haferkamp, an econo-

mist and a center-left Social Democrat, initially had responsi-

bility for energy policy in the

executive body of the European

Economic Community, now the European Union.

In 1973 he took over the eco-

nomic and financial affairs

portfolio, and in 1980 became

foreign affairs commis-

ioner. He later represented the federal state of Hamburg and Schleswig-Holstein in Brussels.

George Hartley, 82, the last

white speaker of the Rhodesian

Parliament, died at his farm in southern Zimbabwe.

Charles B. McCoy, 85, a for-

mer

chief executive of the Du-

Pont Co., died Monday in

Greenville, Delaware, of com-

lications from Alzheimer's dis-

ease. Mr. McCoy, who worked for DuPont for nearly 50 years, became the company's 12th

president and CEO in 1967.

WORLD BRIEFS

Group Again Vows to Kill Americans

ANKARA (Reuters) — A group calling itself the "Lebanon Freedom Fighters" repeated a threat on Thursday to kill a U.S. military officer and his son if Israel did not release a top pro-Iranian guerrilla. The two have been missing since Sunday, when they disappeared on a skiing trip west of Ankara.

The hunt for Lieutenant Colonel Mike Couillard, 37, and his 10-year-old son Matthew continued despite five days of fruitless search in heavy snow. "We have by no means given up hope," said a U.S. Embassy official involved in the search.

Privately, analysts doubted the group's assertion that it held

Colonel Couillard and his son, saying the two probably suffered a

a skiing accident. One called the claims "amateurish."

Balladur Would Maintain Assembly

PARIS (AP) — Prime Minister Edouard Balladur, leader of the conservative Rally for the Republic party, said Thursday he would not dissolve the National Assembly if he were elected president.

Mr. Balladur's party is a member of the conservative coalition that has held a wide majority in the 577-seat assembly since ousting the Socialists in the legislative elections two years ago.

France's presidential elections are scheduled for April 23 and May 7. The second vote will be held if no candidate wins a majority in the first round. Mr. Balladur, who formally entered the race Wednesday, said he would announce his campaign platform in February.

Smallpox, Due to Die, Gets Reprieve

NEW YORK (NYT) — The smallpox virus got an unexpected stay of execution Wednesday from the governing board of the World Health Organization. The last known stocks of the deadly virus were to be destroyed in June, but the latest decision puts off its demise for at least a year, and perhaps indefinitely.

In 1980, after a worldwide vaccination program, the WHO declared the eradication of natural smallpox, one of the biggest killers in history. But samples of the virus have been kept frozen in laboratories in the United States and Russia.

All three committees of experts asked by the UN agency to review the future of the samples recommended destruction once the molecular structure of three strains was mapped. That was completed, and destruction was initially planned for December 1993. But because of a growing sentiment that further research on the virus could be beneficial in studying other infections and possibly even cancer, the organization delayed that execution.

France to Widen Inquiry of Carlos

PARIS (Reuters) — France is to widen its investigation of the accused terrorist Carlos to include the 1983 bombing of a Paris-to-Paris high-speed train, French justice sources said Thursday.

Carlos, who was caught in Sudan last August, spirited to France and jailed, has already been formally placed under investigation for four bombings in the 1980s and a

THE AMERICAS / A NEW EXPANDING PAGE

In the Hot House: Gingrich Accuses Democrats of Seeking to Destroy Him

Compiled by Our Staff From Dispatches

WASHINGTON — Newt Gingrich, the House speaker, accused Democrats on Thursday of using a strategy of "personal destruction" against him rather than debating Republicans on the issues.

A day after bitter shouting matches on the House floor over Democratic criticism of the speaker, a feisty Mr. Gingrich said he found the opposition tactics "pretty sobering in America."

"I expect Democrats to take every shot they can get," Mr. Gingrich said at a news conference. He quoted from a column saying Democrats were trying to "destroy Gingrich" and added:

"I think a strategy based on the personal destruction of somebody is pretty amazing if it's a genuine

strategy. They're not used to being in the opposition. They're not used to having to obey the rules, and it's a new experience for them."

Before Mr. Gingrich spoke, representatives of both parties went at it again in television interviews.

"It seems to me you're just seeing a play here of people who have decided that disruptive tactics will substitute for their lack of ideas," said a Gingrich ally, Representative Robert S. Walker, Republican of Pennsylvania.

Representative Robert G. Torricelli, Democrat of New Jersey, appearing with Mr. Walker, responded: "What you saw yesterday is that absolute power breeds an arrogance."

"We will not permit ourselves to be gagged," he

continued. "We will not create precedence for stopping free speech on the House floor."

In the debate on Wednesday, the House, after two weeks of lawmakers' trying to be nice, reverted to its raucous self, with Republicans and Democrats screaming and yelling at each other the way they were used to.

Only this time, it was a Republican speaker under attack and his party majority that won the floor battles, leaving minority Democrats fuming about being mistreated.

No legislation was at stake. The partisan battle came down to a one-minute speech on Wednesday by Representative Carrie P. Meek, Democrat of Florida, criticizing the "whole lot of dust" that Mr. Gingrich stands to gain from his book deal.

Her words on the House floor will not be found in the Congressional Record, for Mrs. Meek's speech was "taken down," parliamentary talk that means the opposite of what it sounds like. Her criticisms were stricken from the official record of House proceedings as innuendo and an unparliamentary reference to the speaker's personal conduct.

"It raises a question of personal conduct of the speaker, and you can't do that," said Mr. Walker, who lodged the challenge against Mrs. Meek's remarks.

Senior Democrats who rushed to Mrs. Meek's defense — Representative John D. Dingell of Michigan and Representative David R. Obey of Wisconsin among them — angrily charged that Republicans

who promised an "open House" had closed down debate.

"Are members now precluded from raising questions about the behavior of other members of this body?" Mr. Dingell asked.

Democrats recalled that when his party was in the minority, Mr. Gingrich specialized in floor speeches branding past House Democratic leaders as "corrupt." His assaults helped force the 1989 resignation of the speaker, Jim Wright, Democrat of Texas, because of his own book deal.

Mr. Gingrich's many denunciations of Mr. Wright's "\$12,000 profit" from bulk book sales were never "taken down," Mr. Torricelli said.

(AP, WP)



The Simpson defense team arriving Thursday at the courthouse after reportedly patching up a feud between two of its members, Robert L. Shapiro, center, and F. Lee Bailey, right.

A Blow to Simpson Defense

Court Will Allow Evidence on Alleged Incidents of Abuse

By William Claiborne

Washington Post Service

LOS ANGELES — O.J. Simpson's defense has suffered a major setback as Judge Lance A. Ito ruled the jury would be allowed to hear allegations that the former football star physically abused, intimidated and stalked his wife, Nicole, from the time he first met her 18 years ago until she and a male friend were murdered June 12.

Rejecting assertions by the defense that the allegations were irrelevant to the case and highly prejudicial, Judge Ito ruled that many of the alleged domestic abuse incidents were "relevant to motive, intent, premeditation and identity" and should be heard by the jury.

The prosecution will also be permitted to refer to the incidents during its opening statement, which Judge Ito said would begin Monday.

Judge Ito said he would admit as evidence 19 of the domestic violence incidents that had been contested by the defense and 10 others that were unopposed. He said he would not allow evidence of 12 incidents, most of them recorded in a diary that Nicole Brown Simpson maintained at the request of her lawyer to support her 1992 divorce.

Judge Ito called the diary hearsay evidence. He said that appeals courts had held that it was reversible error to admit hearsay statements by a murder victim who expressed fear of a defendant.

Judge Ito said he would not allow evidence that Mrs. Simpson contacted a shelter for battered wives five days before her death, saying that her former husband was stalking her.

But Judge Ito upheld the prosecution's right to

present evidence of most of the domestic abuse incidents that prosecutors say form one of the main pillars of their case against Mr. Simpson. He ruled the jury would be allowed to hear that the former football superstar who has pleaded guilty to two counts of first-degree murder in the slayings of Mrs. Simpson and a friend, Ronald L. Goldman.

Prosecution lawyers had been particularly eager for the jury to hear evidence about four incidents the judge ruled admissible.

They are a 1985 incident in which Mr. Simpson smashed in the window of his wife's Mercedes with a baseball bat; a widely publicized New Year's Eve fight in 1989 that resulted in his pleading no contest to a charge of spousal battery; an episode in which Mr. Simpson kicked in a door to his wife's house and shouted threats while she talked with a police emergency operator; and allegations that Mr. Simpson grabbed his wife by the crotch in a bar in 1989 and then later that evening pushed her from their moving car.

Judge Ito also rejected a defense motion seeking to restrict the presence of the victim's family in the courtroom. He ruled they could be present except during testimony about incidents in which they were involved.

Meanwhile, Mr. Simpson's defense team tried to demonstrate that they had patched up a feud between two of its three principal members, Robert L. Shapiro and F. Lee Bailey.

Mr. Shapiro, who had referred to Mr. Bailey as a "snake" whom he said he would no longer talk with, arrived at the courthouse in a limousine accompanied by Mr. Bailey and their co-counsel, Johnnie L. Cochran Jr., who mediated a settlement of the dispute.

In Opposition, the Stately Stalling of Senator Byrd

By Robin Toner

New York Times Service

WASHINGTON — Over in the House of Representatives, Republicans are intent on defying the traditional, ever-so-stately pace of the legislative process and pushing through their "Contract With America." But between the Republicans and their dream of a 100-day revolution stands the Senate.

More specifically, Senate Democrats. Most specifically of all, Senator Robert C. Byrd of West Virginia.

Senator Byrd, who has spent 36 of his 77 years in the Senate, represents the stately pace of the legislative process.

He boasts on the Senate floor of never having read the Contract With America, the Republican campaign manifesto that drives much of political theater these days. He says he is not about to see his beloved institution fall victim to the "steamroller" of an upstart House, and rush through legislation without adequate debate and deliberation.

This week, he was helping to lead the slowdown on a Republican bill to make it more difficult for Congress to pass "unfunded mandates" — laws and regulations that impose new costs on state and local governments without their consent.

Senator Bob Dole of Kansas, the majority leader, complained that the Senate was in the grip of "Byrdlock."

Since Mr. Byrd has served as majority leader, minority leader and president pro tem of the upper house, not to mention whip and committee chairman, he is steeped in the deep magic of the Senate's rules. Even in the urgent age of Newt Gingrich, he knows how to slow things down.

"We should not be cowed like whipped dogs," he said in an interview that he occasionally interrupted to give arcane instructions to his staff on the filing of first- and second-degree amendments, marshaling his forces for the latest skirmish on the floor. "We should be senators."

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Mr. Byrd responded with the elaborate civilities of an earlier time, saying he had great personal esteem for Senator Dole and valued him as a worthy adversary — despite what he called the majority leader's penchant for "these little cutesy phrases." He said he might end up supporting the unfunded mandate bill, but he wants to make sure it is fully considered.

The Capitol has been buzzing as these two seasoned warriors began to maneuver in the early testing for the battle over a constitutional amendment to require a balanced budget.

"I know the senator from West Virginia is a master at the game," Mr. Dole observed wryly on the floor the other night. "He knows the balanced budget amendment is somewhere on the horizon."

The amendment is a top priority for the Republicans, and some Democrats as well; it is anathema to Mr. Byrd, who describes it as a gimmick being rammed through without giving the public "any

idea of how we are going to enact over one trillion dollars of spending cuts and tax increases over the next seven years."

He also argues that this amendment and the line-item veto, which would allow the president to eliminate specific items from the budget, represent a fundamental shifting of power from the legislative to the executive and judicial branches of the government.

Asked how hard he would oppose the balanced budget amendment, the senator replied in the gentle cadence of the West Virginia coal fields: "To me there is no 50 percent of the way, or 75 percent. It's 100 percent with me. I have reasons based on weeks, months, years of study."

Senator Dirk Kempthorne, the 43-year-old Idaho Republican who is managing this bill on the floor, acknowledged that he was on a "steep learning curve," but, looking on the bright side, added, "I think I'll learn by watching him maneuver."

Away From Politics

• Researchers knew that some of the patients injected with plutonium in the 1940s in U.S. government-sponsored secret tests were relatively healthy, according to papers uncovered by a presidential advisory panel. A previously released report suggested the subjects were chronically ill and that their survival beyond 10 years was highly improbable. (AP)

• A man has been sentenced to 141 years in prison for spraying bullets at a van full of Hasidic Jewish youths on New York's Brooklyn Bridge, killing a teenager. Rashid Baz got the maximum sentence for the March 1, 1994, attack. (AP)

• A nurse who accidentally dropped a donated human heart, then threw it in a trash can without telling anyone, was reprimanded and fined \$250. Wanda R. Condon feared she had contaminated the organ, the Washington state Health Department concluded. (AP)

• Yale University was awarded about \$500,000 by the U.S. government to collect documents and testimony aimed at bringing genocide charges against members of Pol Pot's 1975-79 Khmer Rouge regime. (AP)

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• The Smithsonian Institution has declined an appeal to cancel its exhibit on the atomic bomb and the end of World War II, just three months before its scheduled opening. American Legion officials made the request after learning that the text for the National Air and Space Museum exhibit was being changed again to lower the estimate of casualties that would have occurred had a U.S. invasion of Japan been needed to end the war. (WP)

• Truck drivers who fall asleep at the wheel are a factor in 750 to 1,500 road deaths every year, according to a study by the National Transportation Safety Board. (NYT)

• Yale University was awarded about \$500,000 by the U.S. government to collect documents and testimony aimed at bringing genocide charges against members of Pol Pot's 1975-79 Khmer Rouge regime. (AP)

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Prime Minister Tomiichi Murayama, left, visiting an evacuation center in an elementary school in Kobe on Thursday.

'Shallow' Shock More Destructive

New York Times Service

NEW YORK — Japanese scientists have cut by half their estimate of the depth of the quake that shook the Kobe region, helping explain why the temblor was so violent and deadly. They also discovered long ruptures at the surface, according to reports from the Geological Survey of Japan and university scientists at the disaster scene.

The preliminary estimate on Tuesday was that the quake's focus lay at a depth of 20 kilometers (12.4 miles). But the scientists, working with an array of data from instruments that measure various kinds of shock waves, on Wednesday revised their estimate to 10 kilometers.

"That's significant," said Waverly Person, director of the National Earthquake Information Center, in Golden, Colorado. "When you get shallow earthquakes, it's very intense."

The surface effects of shallow quakes are more violent than deep ones because their energy is coupled more directly to such surface structures as roads and buildings.

The Kobe quake produced large ruptures at the surface, according to reports from the Geological Survey of Japan and university

scientists at the disaster scene.

Takashi Nakata of Hiroshima University and his colleagues are reported to have found sideways displacements at the surface along the fault of 1.2 meters (nearly 4 feet). At another area the displacement is said to be 1.5 meters.

By comparison, the San Francisco earthquake of 1906 caused a surface displacement in spots of about 9 feet. That quake had a magnitude of 8.3, while the Kobe one is estimated at 7.2 by Japanese scientists and 6.8 by U.S. researchers.

Golden Pavilion And Other Kyoto Sites Damaged

New York Times Service

TOKYO — Kyoto, the ancient home of the emperors, suffered cultural casualties in the earthquake, but no human ones.

The city, the capital of Japan from the 8th to the 12th centuries, is a tourist favorite and its gardens, shrines and temples have a relaxed and traditional flavor. It is about 65 kilometers (40 miles) northeast of Kobe.

Most buildings survived intact but cracks developed in the Golden Pavilion, which was built in the 14th century. The cracks apparently do not threaten the structure.

This was not the first time the building had been damaged. In 1950, the pavilion burned to the ground after a fire set by a religious zealot. It was rebuilt.

Cracks were also reported in the Fugakuji of the Daigoji Temple, built in the 10th century and believed to be the oldest structure in Kyoto.

Three statues in the Koryuji Temple, founded in 622, were toppled and one lost its right arm. Six statues of the goddess of mercy in Sanjusangendo Hall also fell over.

Even in financial markets,

where economic rationalism is thought to rule, Japanese institutional investors have shown respect for the victims, refraining from purchases of shares of construction and other companies likely to benefit from reconstruction, or selling of insurance companies confronting fresh liabilities.

While the Tokyo Stock Exchange's main Nikkei index has declined every day since the quake, and fell a further 147.57 to 19,075.74 on Thursday, brokers say most of the selling has

been concentrated in the

rescue and relief sectors.

Foreign assistance: 12 Swiss mountain dogs trained to search for survivors and a 21-member rescue team have arrived. U.S. forces are flying in 37,000 blankets. The Philippine government has launched a fund-raising drive. Eleven other nations have pledged or provided aid.

(AP, AFP)

RENTAL: 3,000 tons of rice, 1,000 kerosene stoves, 200,000 portable kitchen stoves, 95,000 blankets, 250,000 bags of bread and biscuits, 38,000 cups of noodles and 106,000 cans of food were among the provisions sent by the government as of Thursday.

Japan Red Cross: 44 medical teams, each made up of half a dozen doctors and nurses, have been sent to the quake zone. It has started a national campaign to collect donations and has sent relief goods.

Private help: All Nippon Airways flew in three plane-loads of relief supplies.

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(AP, AFP)

More Relief Supplies Mobilized for Kobe

Compiled by Our Staff From Dispatches

Among the aid being supplied to earthquake victims in the Kobe-Osaka area:

• National aid: The government has promised to spend \$1 billion out of reserve funds with details yet to be announced. The government also has said it will have a supplementary budget to help finance reconstruction.

• Military participation: The government on Thursday raised the number of troops taking part in relief efforts from 5,000

to 13,000. The effort includes about 100 aircraft, 20 vessels and 1,300 vehicles.

• Aid distribution: 3,000 tons of rice, 1,000 kerosene stoves, 200,000 portable kitchen stoves, 95,000 blankets, 250,000 bags of bread and biscuits, 38,000 cups of noodles and 106,000 cans of food were among the provisions sent by the government as of Thursday.

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A Safe Way to Help Mexico

The Clinton administration faces surprising and shortsighted opposition in Congress to its bold plan to rescue the Mexican peso. Critics, both Democrat and Republican, say the plan will leave American taxpayers dangerously exposed if Mexico defaults on its bonds. They want Mexican concessions for American loan guarantees, including sale of the state-owned petroleum monopoly. They would also force adoption of labor reforms that Mexico steadfastly rejected during negotiations over NAFTA, the free-trade accord with the United States and Canada.

The opponents are wrong. The Clinton plan is ingeniously designed to stabilize the Mexican economy without costing U.S. taxpayers any money. By stabilizing the peso, it would protect U.S. exports and prevent a temporary influx of imports and illegal immigrants. The plan would also stop financial turmoil from spreading elsewhere in Latin America.

The peso has plummeted over 30 percent in a month and could collapse if investors, fearing further depreciation of default, dump Mexican bonds and cash in their pesos for dollars. If that happens, import prices in Mexico would soar and possibly bury its fragile market reforms in a torrent of inflation.

The administration's plan would guarantee up to \$40 billion of Mexican loans — assuring investors that Mexico would redeem the bonds as promised. As a condition for the guarantees, Mexico would adopt strict monetary and fiscal controls and pledge to pay back lenders, if needed, with future oil revenues. Those measures safeguard U.S. taxpayers; Washington should actually make money because

Mexico will pay fees for the guarantees. The majority leader, Bob Dole, and Speaker Newt Gingrich, back the administration. Senator Daniel Patrick Moynihan and other opponents of NAFTA support guarantees because they recognize that preventing the collapse of a neighbor and major economic partner is important regardless of the merits of open trade or the current Mexican administration.

There is no good case for imposing extraneous conditions on Mexico. President Ernesto Zedillo is under fierce, often unfair attack for weak leadership. With or without loan guarantees, the Mexican economy will be hit hard by the fall of the peso and will need a full-strength president to keep a firm lid on wages and prices — discipline that is needed to control the growing trade deficit and to stabilize the economy. Why force him to swallow painful political concessions dictated by Washington that would leave him weakened?

Mr. Zedillo might have been tempted to deal with internal opposition the way his party has traditionally maintained control: with political repression and extensive vote fraud. But this week he steered in the opposite direction, entering an agreement with all major political parties to adopt rules for fair elections and cooperation. Now that he has promised to lock in market and democratic reforms, the United States has even more reason to help.

The administration has negotiated reasonable conditions that provide maximum protection for U.S. taxpayers. This is no time for Congress to exert political concessions or raise false alarms about the cost of loan guarantees.

— THE NEW YORK TIMES.

Gingrich's Mandate at Risk

When it comes to sleazy-looking deals, some politicians can claim naivete, but Newt Gingrich is not one of them. He rightly exposed one of his less worthy predecessors as speaker of the House, Jim Wright, for using his position for personal gain. More to the point, Mr. Gingrich rallied national support for the idea of a Congress that was not addicted to its perks or blind to ethical standards.

In running the old Democratic barons out of town, the voters clearly endorsed Mr. Gingrich's vision of a Congress free of compromising entanglements. That makes all the more puzzling his decision to cash in on his new prominence with a suspect book deal, secret fund-raising and meetings that reek of favoritism.

The speaker's defense is that he has not done anything specifically illegal and that any criticism of him is based on ideology. Where has Mr. Gingrich's memory gone? Surely he must recognize that this catch-me-if-you-can tune is exactly the one whistled by countless Democrats on their way to retirement.

The test is not legality. The test is whether Mr. Gingrich believes in his movement strongly enough to realize that he must live up to his November mandate by avoiding shady appearances as well as shady acts. In light of his meeting with Rupert Murdoch, and his grudging approach to confirming details of that meeting, Mr. Gingrich must take additional steps to purge the cloud of doubt that now hangs over him.

Earlier, it was enough for him to forge the \$4.5 million advance from Mr. Murdoch's publishing company. But stronger measures are called for now that it has been revealed that he met with Mr. Murdoch for a conversation that touched on

the latter's problems with federal broadcast regulations. As Senator Bob Dole and other leading Republicans seem to believe, it is now necessary for Mr. Gingrich to get out of the book-writing business altogether. That would reassure his national constituency that he puts his job as speaker ahead of his personal financial interests.

Mr. Gingrich would also be wise to rein in the clique of conservative fund-raisers who have taken secret contributions to the foundation that supports his ideological campaign. Such contributions may not be illegal, but they are certainly wrong. There should be no questions about the financial independence of a man who presented himself as a reformer and was believed so thoroughly that he now stands third in the constitutional line of succession to the presidency.

History teaches that Mr. Gingrich will not take this good advice about how to retain a clean image. Whether Republican or Democrat, most officeholders continue to argue that everything is perfectly legal right up until the day a special prosecutor is appointed. By that time, of course, they have lost their political vitality, and the public's confidence in Washington is eroded further by the agonizing cycle of investigation, hearing and trial.

We do not support all of Mr. Gingrich's ideas, but we would prefer to see them either endorsed or defeated in Congress rather than sunk on the rock of his ego. Right now, the speaker's pugnacious instinct is overriding his common sense about the ethical expectations aroused by the November victories. Mr. Gingrich may not know it, but he is already knee deep in the Big Muddy, and if he does not turn back, the current will snatch him.

— THE NEW YORK TIMES.

What Are Clinton's Goals?

Americorps "is what Americans are for," a White House aide was quoted as saying the other day. How's that again? The corps, in case you somehow forgot or never knew, is the national service program that President Bill Clinton advocated in the 1992 campaign and then pushed through Congress in truncated form his first year in office. It does indeed appear to be a tidy and worthy program, though hardly an essential one. It deserves support. But isn't it awfully grand to designate it "what Americans are for"?

Mr. Clinton and his aides appear to think they can define the president and his differences with the Republicans to some considerable extent in programmatic terms. Newt Gingrich had said a day or two before that he wanted to starve the service program, kill it by appropriating no funds. The president was said to be prepared to use his veto power in its defense. Here was a point beyond which he would not go in shrinking the government; Mr. Gingrich would go further, let the public, which no doubt is seized by the issue, decide.

But AmeriCorps isn't what the present

fight between the parties is or ought to be about. Programs are important, but only to the extent that they can be fit within broader themes. It is the themes, the goals, that this president continues to have trouble articulating. What is it, fundamentally, that he is for? What does he think is right and wrong about the country? What are its prospects? Where does he mean to lead it — in economic policy, social policy, foreign policy?

Mr. Clinton has spent a fair amount of time trying in recent days to re-legitimize government. He took the occasion of Martin Luther King's birthday to speak against the notion that "everything is bad." The next day in California he was calling the government a "partner." "We know that the government cannot really solve problems for people, but I think we know that the government cannot walk away, either." Now there's a stirring formulation. Walk away from what? What do the Democrats generally want the government to do, and not do? You hear an awful lot of talk, but you listen in vain for that one.

— THE WASHINGTON POST.

Mexican Crisis: The U.S. Plan Is the Least Bad Solution

By Robert J. Samuelson

WASHINGTON — Just a year after the U.S. Congress ratified the North American Free Trade Agreement, Mexico is in deep crisis. Hardly anyone anticipated the crisis during the NAFTA debate, and Mexico's leaders can be rightly blamed for causing it. They relied too heavily for too long on short-term foreign loans to sustain excessive imports. Last year, Mexico's current account deficit (roughly, its trade plus other current foreign spending) exceeded 7 percent of its national income. This couldn't continue, and it hasn't.

The \$40 billion rescue plan proposed by the Clinton administration would not

slide another 30 percent. No one can foresee the social and political consequences of such a collapse.

Moreover, the specter of a Mexican default might trigger a flight of foreign capital from other developing countries, especially in Latin America. Panics are by their nature self-fulfilling. Foreign investors might withdraw their funds simply because they fear other investors would do so. This would harm growth in these economies and, not incidentally, U.S. exports.

The Clinton plan would mitigate these dangers. It casts the United States in the role of "lender of last resort." In the 1930s the Federal Reserve failed to act as "lender of last resort" domestically, and no country did so internationally. The result was the Great Depression. Banking panics fed on themselves. Fearful depositors demanded their funds; old loans were called, and new credit shrank. The collapse of spending forced companies into bankruptcy and worsened the Depression.

Although no one is suggesting an exact parallel to the 1930s, the dependence of many developing countries on foreign investment exposes them to a financial stampede. In 1993 alone, new foreign investment in developing nations exceeded \$130 billion, the International Monetary Fund estimates. It is one thing for these inflows to subside; indeed, that is already happening. It would be another for masses of foreign investors to try to withdraw all of their funds simultaneously.

Mexico faces precisely this situation,

because so much of its foreign investment is in short-term loans. Perhaps \$25 billion to \$30 billion involve *Tesobonos* that are constantly maturing.

Investors are no longer willing to renew these loans, and Mexico does not have the dollars to repay them. The Clinton plan would relieve the squeeze. By floating medium-term bonds (say, five to 10 years) guaranteed by the United States, Mexico would raise the cash to repay its short-term debts. It would also buy time to reduce its huge trade and current account deficits.

Just how much these must drop is unclear. Officially, the Mexican government says by about half. It projects an economic slowdown for 1995; growth would be about 2 percent down from a projected 4 percent before the crisis.

Meanwhile, the cheaper peso will make Mexico's imports more expensive. Together, these changes will produce the necessary adjustment, the government argues. Maybe — and maybe not.

The economist Rüdiger Dornbusch of the Massachusetts Institute of Technology, who foresaw a crisis last spring, dismisses the government's projections as wildly optimistic. The trade and current account deficits will need to drop more, he says. The economy will contract sharply: in 1995, output may decline 5 percent. Government spending will cut. Banks, saddled with bad loans and dollar debts, will curtail lending; major companies, also with dollar debts, will reduce investment. Only exports will be strong, aided by a cheap peso. But Mr. Dornbusch fears the peso will not depreciate

enough to trigger a genuine export boom.

Mexico is treading between a steep slump and higher inflation, and it could end up with both. Although a cheap peso might spur exports, it would also increase inflation. If workers try to recover lost purchasing power, that could trigger a wage-price spiral and undo one of the government's proudest achievements: lowering inflation. In 1987, it was 138 percent; last year, it was 7 percent. At best, Mexico faces a few years of economic upset; at worst, economic and political turmoil could feed on each other.

The Clinton plan will not solve Mexico's problems and, in some ways, will incite tensions. Mexico will resent needing U.S. help, and Americans will resent having to help. Inevitably, Mexico's economic adjustment will mean fewer U.S. exports going south and more Mexican imports headed north. By themselves, these shifts will be modest. Still, some industries and border regions will feel the impact.

But if the Clinton plan is no panacea, it is the least bad choice. What matters most is whether Mexico can restore its economy and sustain a continuing reform of its democracy. If not, more Mexicans will migrate north; massive social dislocation benefits neither country.

The case for the loan guarantees is the same as the case for NAFTA: It is the best we Americans can do.

We cannot by bystanders to Mexico's fate, because we cannot insulate ourselves from its consequences. But neither can we determine it. What Mexicans do for and to themselves will be decisive. That is the loud message of this crisis.

The Washington Post.

An Ignominious Exit, Only Partly Deserved, Nears for the Socialists

By William Pfaff

PARIS — An important stage ends this spring. A Socialist left, excluded from power in Continental Europe since the 1930s, took office in France and Spain at the beginning of the 1980s and has dominated those countries for all or nearly all of the years since. That is about to end — barring the unforeseeable.

France's Socialist president, François Mitterrand, leaves office in May. He is a dying man. The party he forged in the 1970s out of disparate movements of the non-Communist left is now wreckage, in part as a result of his own will to dominate, setting all rivals against one another.

Spain's Socialist prime minister, Felipe González, who has led Spain since 1982, is also near an end to the line, politically weakened and accused of having personally authorized a secret and illegal "death squad" operation during the 1980s that murdered a score of Basque terrorists.

Mr. González denies this, and says he will not resign. However, after 13 years of power, his government has exhausted its moral resources. Its popular credit has collapsed. For the first time, polls show, the conservative leader José María Aznar is ahead of Mr. González in the people's favor.

In both countries the discredit of the Socialists is moral more than it is political. Power produced money corruption, initially to finance the parties, which because they were movements of the left never could expect the business support their opponents enjoyed.

However, the money the Socialists did raise, usually through kickbacks on public contracts, soon began to stick to the fingers of individual Socialists and to find its way to the Socialists' friends.

While neither France nor Spain experiences the scale of corruption of modern Italian government, which is a phenomenon unto itself, the result of a particular Italian social and political reality, what did happen in France and Spain has proven disastrous

to movements that had claimed that because they represented "the people" they were ethically superior to their rivals.

When out of office, the Socialists had scorned rentiers — investors "who make money while they sleep." In office, possibly just because of the unworldliness implicit in that judgement, they seemed incapable of distinguishing a crooked financier or asset-stripper from an honest banker.

Most Socialist activists are teachers, or mid- or low-level government officials, or union militants or workers, whose judgment on the parties of the right is usually a moralizing one. On that side is money, power and exploitation, in this view of the world. On the other side is public trust and public service, righteousness, "the

people." For these people, what has happened is betrayal.

One should not forget that Spain fought a savage Civil War less than 60 years ago. The left in Spain was treated as a subversive force until the 1970s. When General Franco died in 1975 there were plenty of people in Spain — and in Washington — who believed the Communist Party would relaunch the terrible cycle interrupted by Franco's Civil War victory in 1939.

This was a profound misreading of the situation, and of the temper of the Spanish people in the 1970s. But one reason that fear proved unjustified is that the underground Socialist Party had recognized the futility of violence and seen the opportunity offered them by the restored monarchy.

It was a profound misreading of the situation, and of the temper of the Spanish people in the 1970s. But one reason that fear proved unjustified is that the underground Socialist Party had recognized the futility of violence and seen the opportunity offered them by the restored monarchy.

In 1975, Prime Minister Harold Wilson was asked by President Valéry Giscard d'Estaing, after a summit meeting in Paris, if the underground Socialist Party had an election and he will lose.

If he rejects closer cooperation, a core of European Union members will proceed without him. Britain, which started the century as the center of the world's greatest empire, will end it an offshore irrelevance.

Foreign Secretary Douglas Hurd highlighted Mr. Major's problem last week in urging France to make common cause with Britain in resisting that core. But the last 50 years show that France prefers a Continental grouping it can dominate. Britain has been divided about

Europe since the war. Its learning curve has been nonexistent.

In 1950, Herbert Morrison, a ranking member of the Labor government, was asked in a restaurant about the proposal by Robert Schuman, France's foreign minister, for a Coal and Steel Community — the start of one of the greatest revolutions of the century.

The Durham miners won't wear it, he said and returned to his meal.

In 1975, Prime Minister Harold Wilson was asked by President Valéry Giscard d'Estaing, after a summit meeting in Paris, if the simultaneous translation had been satisfactory.

"Prefer the channel with music myself," he replied.

In 1994 John Smith, then Labor's leader, criticized Mr. Major for seeking to alter European Union voting rules. The prime minister retorted that Mr. Smith was "the man who likes to say yes

and then cast them aside, spent

In both countries what happened was a tremendous change and a tremendous accomplishment, consolidating democracy in Spain and legitimizing government by the left for a French electorate which, in 1981, was still under the traumatic influence of the "events" of 1968.

The left in France seemed to many irreconcilable with democracy just 15 years ago. The Communist Party then was more powerful than the Socialist Party, a disciplined force, well-financed by Moscow, representing more than a fifth of the electorate.

It was normal enough that now, after more than a decade's domination of the political scene, the Socialists in France and Spain should find that their electorates want a change. What is not normal is that the Socialists leave the scene discredited by complicity, corruption and illegality.

That this is so has compromised democracy in both countries. It has in a certain way also compromised their future.

International Herald Tribune.

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They Rally in Support of a 'Good Man'

By Flora Lewis

PARIS — While millions massed to cheer Pope John Paul II in Manila, many thousands gathered in cities across France to protest the Vatican's dismissal of Bishop Jacques Gaillot, whose diocese was Evreux, northwest of Paris. It was a clash about the mission of the church.

Like the Pope, Bishop Gaillot has been a volatile, public-minded priest, but in a different way. He would pop up where there were demonstrations in support of the homeless, moves against racism and bigotry. Lively and unselfconscious, he even appeared on frivolous television shows to deliver his message of tolerance.

Now he has become a nationwide symbol of conscience and concern for the poor and those left out of comfortable society.

The impressive numbers who rallied to support him ranged from earnest spokesmen of traditional French Catholicism to the Communist mayor of Evreux, echoing the sentiments of the little old ladies, embarrassed teenagers and angry-faced men who told interviewers, "He is a good man."

The Vatican's announcement of Bishop Gaillot's removal from his post (although he remains a bishop) referred to "hundreds of letters" complaining about his defense of abortion, contraception, homosexuality and social action. A generation ago, another French bishop, Marcel Lefebvre, was denounced by Rome for opposing the liberalizing decisions of Vatican II and the dilution of dogma. The tide has turned.

The intense French reaction to

dress this lack with what she called "the politics of meaning."

Fundamentalists of all creeds assert, sometimes with shameful violence, that the problem stems from defiance of God's will, which they alone are capable of knowing and therefore have the right and duty to impose.

This is a case of the blind men's elephant, with groping in different directions and grasping different parts of a large and undeniably troubling dilemma. It has to do with the elusive idea of "modernity," the search for something to which people can cling.

An Arts Rescue Mission Shapes Up on the Right

By Frank Rich

NEW YORK — If Charlton Heston could part the Red Sea, he also save the National Endowment for the Arts? He just might. Though Newt Gingrich has blasted the endowment as "patronage for an elite group" and Richard Armitage has said it "offends the Constitution of the United States," the House speaker and that chamber's Republican leader have not heard yet from Mr. Heston and many other conservative Republicans who beg to differ.

While NEA demonizers like William Bennett and George Will would have you believe that the endowment's defenders are mainly liberal esthetes, the hidden story is the rescue posse forming on the right.

"I know all this stuff — I played Michelangelo," said Mr. Heston when a laugh from his home. Having been both "an art maker, if you will" and

"Elite is a very flexible word," said Mr. Heston. "It primarily means someone you disapprove of."

the head of two cultural institutions supported by the endowment, he feels he is "the only conservative with extensive experience on this issue." And he cites historical precedents to argue passionately that arts patronage is "a legitimate function" of government.

If called, Mr. Heston will testify in Washington for the NEA. It is a role the actor has played before; in 1981, he ended up championing the arts and humanities endowments after Ronald Reagan appointed him co-chairman of a presidential task force that was widely expected to seal their doom.

Mr. Heston is hardly alone. In conversations this week, Republican arts patrons with political clout defended the NEA by making the same arguments Democrats do — that the imprimatur of a federal grant is essential to attract private money to the arts and that the poorest audiences and smallest cultural organizations, not the wealthy, will suffer if the endowment dies.

"Elite is a very flexible word," said Mr. Heston, dismissing talk of an "elite" NEA. "It primarily means someone you disapprove of."

Even David Christopher, a board member of the Pittsburgh Symphony who is so conservative that he was one of 10 delegates to vote for Mr. Reagan over President Gerald Ford

at the 1976 Republican national convention, says that the federal government must encourage the arts as part of "the quality of life."

Patry Collins, a King Broadcasting heiress whose contributions to the Seattle Opera more than triple those of the U.S. government, shrugs off past NEA controversies; while she found Robert Mapplethorpe's photographs "disgusting," she loved the gay epic "Angels in America."

Another Republican stalwart, Thomas Barrow, a Texas oil man who is president of the Houston Grand Opera board, says, "There are NEA grants I don't like, but I don't like where every military base in the U.S. is located, either."

Mr. Barrow will make his case strenuously to his longtime acquaintance Tom DeLay, the powerful new House Republican whip and NEA opponent. Lyn Grinstein of Fort Worth, who is on the executive committee of the Van Cliburn Competition, intends to do the same with Mr. Armitage, whom she knows and regards as "very smart" and "open-minded" but in need of more information about the endowment.

And what about the new speaker? John Wieland, the biggest home builder in Atlanta and the board chairman of that city's High Museum, plans to tell Mr. Gingrich in person why the destruction of the NEA would be "a great tragedy for the country." Mr. Wieland, who has been a Gingrich supporter and contributor for a dozen years, says that the speaker is "one of the best thinkers of our time" and is "willing to say 'I made a mistake.'"

While no one expects any agency to emerge unscathed in the new Congress, some conservative Republicans I talked with feel that the endowment should take a modest hit at most.

Many find the whole controversy a counterproductive distraction from the real government downsizing promised by the "Contract With America" and wonder why time is being wasted arguing about the NEA's tiny \$167 million when there's \$16 billion in farm programs on the table.

The answer, of course, is politics:

The NEA, as caricatured by its opponents, is red meat for the religious right. But as the arts' powerful Republican friends loudly join the other bipartisan forces mobilizing to save the NEA, they may yet force the new House leadership to choose between getting down to business and getting mired in a symbolic culture war that no one can win.

The New York Times.

BOOKS

NEVERMORE

By William Hjortsberg. 289 pages. \$21. Atlantic Monthly Press.

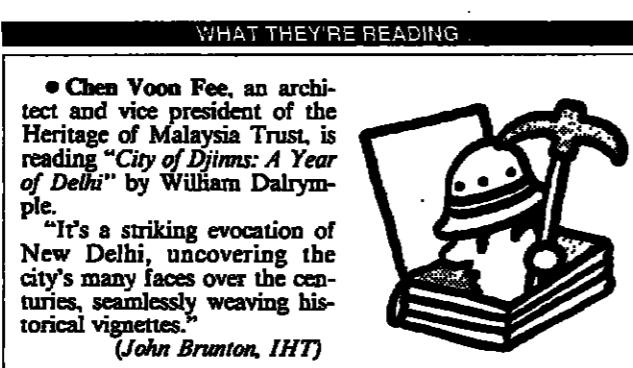
Reviewed by Christopher Lehmann-Haupt

NOT very far into William Hjortsberg's latest novel, "Nevermore," a sleepless Sir Arthur Conan Doyle sits in the front room of his suite at the Plaza Hotel shortly before dawn and beholds "a faint shimmering outline" taking shape before him. It is "undeniably the same ethereal form he had seen before, seated man in garments stylish three-quarters of a century ago."

"Are you Poe, the poet?" Conan Doyle inquires of the form.

"I have that distinction," the apparition replies.

Lest this unlikely encounter seem in any way lugubrious, it should quickly be explained that Hjortsberg arranges matters wisely enough so that the two characters are well met because Conan Doyle



has had Poe very much on his mind lately. A series of murders that all too eerily resemble crimes that Poe first imagined has recently taken place in New York City. So once again, an old bottle into which new wine can be poured is the focus of Hjortsberg's fiction.

In "Alp" (1969), his first novel, he parodied the mountain-climbing adventure as a form. "Gray Matters" (1971) and "Symbiography" (1973) were variations of science fiction. "Toro! Toro! Toro!" (1974) wildly satirized the bullfighting saga. "Falling Angel" (1978) was a chilling homage to the hard-boiled detective novel of the Raymond Chandler school.

And now, in "Nevermore," Hjortsberg gives us a copycat murderer who, at the point that Conan Doyle meets the ghost of Poe, has re-enacted the grisly crimes of "The Murders in the Rue Morgue," "The Black Cat" and "The Mystery of Marie Rogêt." Can "The Pit and the Pendulum," "The Masque of the Red Death" and "The Cask of Amontillado" be far behind?

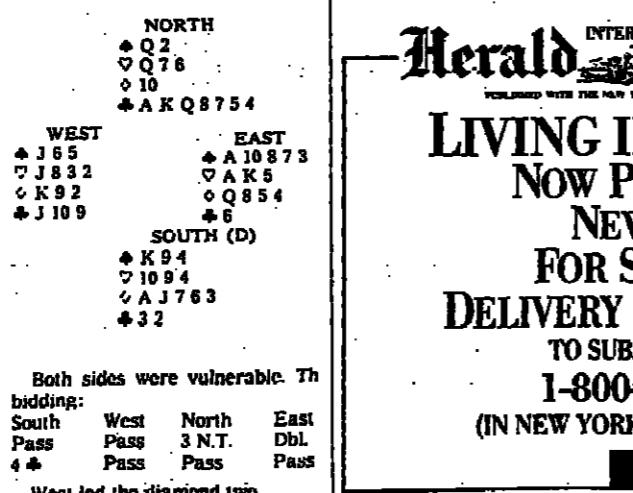
Naturally enough, these murders contribute to a rising tension in the plot. At first they seem to be the random work of a madman, and Conan Doyle and his good friend Harry Houdini, the magician, find them of merely theoretical interest.

Forced to think deeper about the murders, Houdini realizes that each victim was somehow connected to him. That he sees the killer and possibly Conan Doyle must be whom the killer is really after.

They even identify a suspect: Opal Crosby Fletcher, a self-styled reincarnation of Isis, the Egyptian fertility goddess, and a spiritual medium whom Houdini has exposed as a hoax in his crusade against those who say they have contact with the dead.

And sure enough, the killer does go after each of them in successive scenes that are powerfully dramatic and cleverly worked out.

Christopher Lehmann-Haupt is on the staff of *The New York Times*.



Both sides were vulnerable. Th bidding: South: West: North: East: Pass: Pass: 3 N.T.: Dbl: 4: Pass: Pass: Pass: West led the diamond two.

A Troubled Conscience On the Road to Grozny

By Peter Crane

WASHINGTON — A 23-year-old Russian who took part in the attack on Grozny described the results: civilians of all ages brutally killed, houses destroyed, farmland ruined. As the Chechens laid out the bodies of their children in the local mosque, he wrote, "hated" was an inadequate word for what they felt toward the Russians. To

months later he joined the army himself, in the artillery.

Tolstoy's dilemma, as he explained in the 1852 account of the raid, was that on the political level, he believed that the war was just, as a necessary means of ensuring the stability of nearby Russian territory. On the individual level, however, he was not so sure.

Did more justice lie, he asked, on the side of the Russian officer who has come to Chechnya to win glory, or of the Chechen defender who, with his house in flames and his family cowering in a nearby ravine, takes down an old gun and fires a few shots at the oncoming Russians before dying on their bayonets? Even to ask the question was enough to make the censor cut the passage from the story.

Tolstoy had several more years as a soldier ahead of him, including service against the Turks in Eastern Europe and the British and French in the Crimea. But the attack on Grozny, and the problem of deciding when violence is just, had started him down paths of thought that would ultimately lead him to reject all war and embrace the principle of nonviolent resistance to evil.

Today, the world is still feeling the aftershocks of his personal transformation. In 1900, the young Mohandas Gandhi, then practicing law in South Africa, read Tolstoy and realized that nonviolent resistance to injustice could be a tool for achieving political change. His discovery was to free India and in so doing, spell the end of colonialism worldwide. Martin Luther King Jr. learned both from Gandhi and from



REINVENTING RUSSIAN GOVERNMENT

Tolstoy, Preaching to his congregation about rejecting evil, he converted on the road to Damascus.

If Tolstoy were alive today, what would he say about the war against the Chechens? Probably that guns and bombs cannot succeed in subduing people who feel they are defending their own homes. (If guns were the answer, Russia would not now be having to fight the battles of 1851 a second time.) But his pacifist solution to the problems of Russia and of Chechnya might satisfy few.

He once wrote that the only remedy for the one that had never been tried: for each honest and educated person "to act and speak so that your motives for action are understandable to your loving seven-year-old son to

have understood each other. In October 1989, Mr. Havel was a political prisoner. Three months later, when he addressed the U.S. Congress as president of Czechoslovakia, it could have been Tolstoy speaking: "The salvation of the human world lies nowhere else than in the human heart, in the human power to reflect, in human meekness and in human responsibility."

If today there are Russian soldiers and officers asking aloud whether it is just to be shooting at the Chechens, perhaps it is in part because long ago, the young Leo Tolstoy asked himself that very question, on the road to Grozny.

The writer is a Washington attorney. He contributed this comment to The Washington Post.

LETTERS TO THE EDITOR

The UN and Its Staff

Regarding "A World Class Challenge" and "Dozens of Plans but Little Reform as UN Nears 50" (Jan. 4):

The statement that the United Nations employs 51,000 people is correct. However, the staff of the United Nations proper, excluding 20 specialized agencies (among them, the Food and Agriculture Organization, the UN Population Fund, Unesco and the World Health Organization) numbers only 14,000 worldwide. This includes its offices in New York, Geneva, Vienna and its regional commissions in Europe, Latin America, Asia and the Pacific, Western Asia

and Africa. The number of UN staff has decreased, despite the added responsibility of 27 peacekeeping missions. Consequently, Secretary-General Boutros Ghali's statement that the United Nations requires more staff to carry out the increasing demands from the world community for its services could not be more untrue. United Nations programs are already barely surviving due to minimal staffing and financing.

To put this point of view into perspective, the U.S. civil service employs more than 2 million people; IBM employs over 300,000; in Sweden, 65,000 public servants are employed to serve the needs of the

relatively small city of Stockholm. The United Nations is not an overstuffed, overpaid monolithic bureaucracy. And its staff are asked to serve the world in ways, and under conditions, that were unimaginable just 50 years ago.

If

the United Nations is sometimes considered inefficient, it is due to low staffing levels, inadequate funding and the instability of many of the governments that host programs. In the developing world, communications are slow and transport is difficult. Both of these are also important factors influencing the efficiency of work in the field.

The UN system has never been

properly funded or staffed because governments have never made a true commitment to internationalism. Only when governments make such a commitment will the work of the United Nations and its specialized agencies be facilitated.

GUY SNEYERS.
General Secretary, Federation of International Civil Servants' Associations, Geneva.

Just Between You and Me

I have been waiting in vain for some follow-up on Connie Chung's decision to publicize her "just between you and me" conversation

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On the Road, Tracking Flamenco

By Stephen Kinzer
New York Times Service

MADRID — The night I visited Corral de la Morena, probably the world's most famous flamenco bar, the show was a stirring example of the best in flamenco. The stars were a pair of well-established dancers, the regal El Camborio and his fiery partner, Lucia Real. They clattered across the floor loudly and rhythmically, their hips and torsos swaying and shaking in creative combinations of classic flamenco moves. Like all outstanding flamenco artists, they kept their arms, hands and fingers in ceaseless, evocative motion. This aspect of flamenco is perhaps the most direct evidence of its roots in southern Asia, the original home of the Gypsies who developed it.

Modeled after the 16th-century popular theaters known as *corrales de comedias*, Corral de la Morena is musty with tradition. A full menu is available, but most patrons around me made do with glasses of red wine, counting on the show to provide the evening's sensory delights. They were not disappointed. The dancers overflowed with emotion, and they were expertly accompanied by stylized guitar music and *jaleo*, the clapping and calling that is integral to the performance. The *jaleo* achieved a perfect balance between spontaneity and restraint, keeping rhythm while adding a rustic element that recalls flamenco's rural origins.

Flashy and colorful, wild but also highly ritualized, flamenco dancing has become an instantly recognized symbol of Spanish culture. Its rich history reflects that of Andalusia, the sunny and fertile region of southern Spain where it was born. It shows influences from the Islamic and Jewish cultures that once flourished in the region, and even from Roman dances, which arrived 20 centuries ago. But it was the Gypsies who were to flamenco "like rice to paella," in the words of the historian Fernanda Quirones.

Foreign interest in flamenco began as part of the wave of fascination with Spain kindled by the Romantic movement, and attracted artists ranging from Gustave Doré to Rimsky-Korsakov to Washington Irving. They and other early tourists in Spain often sought to visit academies where flamenco was taught, and in response to their interest, *cafés cantantes* opened in many Andalusian towns. It was their successors that I wanted to find.

My appetite whetted in Madrid, with three companions I set out for Seville, home port of conquistadors and Andalusia's largest and most important city. We traveled aboard the high-speed train that was built to serve visitors to the 1992



El Camborio and Lucia Real.

world exposition there. The trip, which only four years ago lasted the better part of a day, now takes just two and a half hours.

Romances between dancers and bullfighters are the stuff of countless legends and stories still told in Andalusia, so it was fitting that both of the flamenco bars we visited in Seville were in the shadow of the famous Maestranza bullring. The shows reflected very different aspects of flamenco's modern face.

El Patio Sevillano is a large room decorated in Andalusian patio style, with ceramic tiles and engravings of the city. Patrons are often packed close together, although on the night we visited the place was not crowded. The show was centered on but not limited to classical flamenco. Some of the numbers were closer to ballet; others resembled popular dance. One was even performed to the recorded strains of the overture from "Carmen," which outsiders often take to be the quintessential Andalusian anthem but which was composed by Georges Bizet, who was French, and has little if anything to do with flamenco.

The troupe at El Patio Sevillano totaled 14 dancers, guitarists and *jaleo*. As soon as one number was over, the dancers rushed upstairs to change into new costumes while others took the stage. This was a highly polished show. Purists might score some parts of it, but the performers were accomplished professionals. The *jaleo* added an

air of authenticity to a show that was aimed principally at tourists.

The next night we visited a smaller tavern, El Arenal. Housed in a 17th-century building on a small, hard-to-find alley, its walls are covered with drawings of flamenco dancers and scenes of señoritas flirting with bullfighters. While the show was not as seamlessly choreographed as others we had seen, it was a dynamic collage of color and motion, probably the most authentic we saw in Spain. The dancers performed with unbridled emotion, seemingly heedless of the audience. "This time I feel like I'm sitting around a Gypsy campfire," one of my companions said as we sipped our sangria.

We were disappointed to find no flamenco being performed in Córdoba during our visit, and traveled with high hopes from there to our final stop, Granada. It is always packed with tourists, and flamenco shows are part of the standard fare.

Following the recommendation of the concierge at our hotel, we chose a place called Jardines de Neptuno. We should have balked when the concierge told us that a bus would pick us up at the hotel and take us directly to the show. We began to worry when the bus stopped at several other hotels, filled up with tourists, and then parked at our destination behind two other buses. Inside, the showplace was a three-sided arena with sloping rows like those at a sports stadium, and seats for 800 patrons. As far as we could tell, there was not a single Spaniard in the house, and understandably so. The show was painfully commercial, a virtually unrecognizable mixture of flamenco, salsa and other Latin styles.

MOST of the performers at Jardines de Neptuno were Hollywood-pretty, but the choreographers were evidently unconcerned with authenticity. The spectators didn't seem to mind. They chattered loudly in English and German, and one man in the front row clapped incessantly along with the *jaleo* as if he were at a sing-along festival.

In 1972, lovers of Spanish culture, including the composer Manuel de Falla and the poet Federico García Lorca, organized a flamenco festival in Granada in an effort to revive its classical roots. Aficionados who are in the city this year for the weekly Flamenco Encounter in Granada (at a date still to be determined in either June or October) or in Córdoba for the Flamenco-Guitar Festival (two weeks in July) can follow suit by immersing themselves in the art of flamenco. A Spanish-language guide, "Guía de Flamenco en España," is available through the Tourist Information Office, 7 Alameda Cristina, Jerez de la Frontera, Cádiz, Spain.

"But I didn't get anywhere."

"I'm fascinated by the lagoon and its fauna and flora, and as I went around it over the years, I became increasingly depressed at the neglect and degradation of its abandoned islands. But when I suggested to the authorities that I'd be willing to clear one up and look after it just for the pleasure of parking my sailing boat there from time to time, they seemed to think I was joking."

Valenti realized his ambition, nonetheless, just before Christmas when the Italian state auctioned the first of a series of islands, Monte Oro, on six-year leases. With only one other bidder, Valenti secured his 4,200-square-meter (45,000-square-foot) handful of land in the wilds of the north of the lagoon for an annual rent of 1,235 million lire (about \$770). "It's a kind of atoll, with Monte Oro at the center, with lovely views of Torcello and Burano. It's also where the fresh water of a river meets the salt water of the lagoon, and a wonderful place to observe the huge numbers of migratory birds that stop off there."

The leases of two other islands are to be auctioned off next week: San'Angelo delle Polveri, lying between Venice and Fusina on the mainland, the island was once a Benedictine convent.

"It's a gunpowder magazine (hence its epithet, "of the powder"), which spectacularly blew up in 1689 when it was struck by lightning. Rebuilt and used again as a munitions depot, it



Photograph by Luis Davilla/Courtesy for The New York Times

The troupe at El Patio Sevillano puts on a highly polished show, aimed mainly at tourists.

Now Renting: Venetian Islands

By Roderick Conway Morris
International Herald Tribune

VENICE — "I tried to persuade the municipality to let me rent a deserted island a few years ago," said Filippo Valenti, a 50-year-old electrical engineer from Sicily who has lived in Venice for 25 years, "but I didn't get anywhere."

"I'm fascinated by the lagoon and its fauna and flora, and as I went around it over the years, I became increasingly depressed at the neglect and degradation of its abandoned islands. But when I suggested to the authorities that I'd be willing to clear one up and look after it just for the pleasure of parking my sailing boat there from time to time, they seemed to think I was joking."

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"Many of these islands have been abandoned for 50 years or more," said Carmelo Ianni, the director of the technical section of Venice's Treasury Office, also a Sicilian who long ago left his native island. "And, for once, it is a state administrative body — when the state is so often seen as representing inactivity, slowness, immovability — that has been able to get something going with the isles."

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has an area of more than 5,000 square meters, several buildings and a wharf.

The island auctions are open to all comers, but bidders or their representatives must be able to identify themselves and make a deposit of 10 percent of the starting price to participate. All islands are offered on six-year leases, which can be renewed only by returning to open auction.

The shortness of the leases can obviously deter those interested in some of the larger

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islands due to become available, where costs of clearing, restoration and maintenance could be considerable. Principals among such state-owned properties are Poveglia and Lazzaretto Vecchio, close to the lagoon-side shore of the Lido, both used as quarantine islands by the Venetian Republic. Poveglia has extensive orchards and vineyards, and both have numerous buildings. "For islands like these," said Ianni, "we are hoping that another system of leasing can be found and we are working on this now."

Meanwhile, the municipality — which is responsible for many of the most attractive dis-

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HOLIDAYS & TRAVEL

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Seeking Value in a Buyers' Market

By Roger Collis
International Herald Tribune

BUSINESS travel is bouncing back from the dark days of the recession, the soothsayers say, but with a difference. According to the 1994 Corporate Air Travel Survey of 1,025 frequent long-haul travelers, published by IATA, while travelers continue to report decreased travel budgets, nearly a third said they were traveling more. Executives who learned to build business from the back of the plane are meaner and leaner and more sensitive to value. Emerging from the recession is a new ethos in business travel against conspicuous consumption.

Whether this message has reached the travel trade is arguable. Hotel groups — notably Choice Hotels, Novotel and Holiday Inn — give business travelers budget options (even Shangri-La, the luxury Asian chain, is cautiously introducing Traders, a no-frills brand) and serviced apartments are ever more popular for travelers who want space, privacy, flexibility — and value.

Most airlines — especially large intercontinental carriers — cling to the belief that they will recapture those high-yield business passengers (20 percent of traffic but 60 percent of revenue) who are traveling more by offering ego trips in business class rather than more sensible fares.

Cutting fares for high-yield passengers is a slippery slope for airlines. Instead they have managed to debase the class system with a blizzard of promotions and deals, from free upgrades and half-price "companion fares" to "two-for-one" offers in first and business class if you pay the full fare.

Continental says it has "rewritten the rules" for business travelers flying full economy with its new Corporate Economy Fares, up to 40 percent less than normal economy fares with other carriers. Mike Carter, general manager U.K. for Continental, says: "A growing number of executives are now obliged to fly economy. But they want a balance between flexibility and cost."

"More people are traveling. And some companies who have moved down a cabin never come back," says Graham Atkinson, general manager of United Airlines in London. "The key now is value for money, perceived value. For every company I could quote you who has moved to the back cabin, I can find you another who says, our people are always going to travel business class out and first back."

Bad news for airlines is often good news for travelers. Too many airlines trying to sell too many seats should translate to a buyer's market with greater choice and keener prices. And indeed, IATA reports that in 1993 airlines flew 106 million empty seats around the world. "But as we come out of the recession, I think we're going to see a closing of the gap between capacity and profitable demand," Atkinson says.

This is certainly the case with airlines that have continued to show profits during the recession, such as British Airways, Singapore Airlines and Southwest Airlines.

The Frequent Traveler

lines in the United States. Others, such as Lufthansa, Northwest, KLM, United and Qantas are moving into profit while others, such as Air Canada, American Airlines and Delta are taking drastic action to ensure their recovery.

Airlines are giving top priority to alliances and partnerships as a means of gaining access to each other's markets. For some airlines the issue is growth; for others it is survival.

Strategic alliances, such as KLM and Northwest, Lufthansa and United, BA and USAir, SAS and British Midland, American and Japan Airlines, Swissair and Delta, JAL and Air France, range from equity swaps to marketing agreements, code-sharing and frequent-flier partnerships. They work best for the traveler when they benefit from single reservations and check-in service and smoother connections at shared terminals.

Code-sharing, the simplest, most widespread form of airline cooperation, in which two or more airlines agree to use the same flight number for connecting flights, can offer more choice for travelers and a "seamless service" — one boarding card for a multisegment flight between Atlanta and Zurich is also sold as a Delta flight with the same flight number.

It can also take the form of a "blocked seat" arrangement, whereby one airline sells seats under its own code in another carrier, or a franchise, whereby one airline pays another for the right to carry its name. You never know these days whether the airline you booked is the one you will fly.

A cross-cultural experience awaits Alitalia passengers bound for Boston or Chicago, who will board aircraft painted in Alitalia colors only to find themselves on

an Ansett plane crewed by Australians kitted out in Alitalia uniforms — and presumably serving Australian tucker instead of the usual Italian fare.

Swissair and Austrian Airlines will begin a joint trilateral Vienna-Geneva-Washington service with Delta Air Lines from the start of the summer 1995 schedule. The flights will be operated by an Austrian A-310, but will carry flight attendants from all three carriers.

Ticket-less travel enables airlines to slash up to one-seventh from their operating costs, concomitantly reducing the travel agent's role (no tickets to issue), and hence his commission.

The most common forms of electronic ticketing — used by Southwest and United's "lite" subsidiary, Shuttle by United, provides a simple booking confirmation number that you then use to check in at the gate. Delta frequent fliers already use a Smart Card with a microchip that enables them to purchase travel directly at the gate. Lufthansa and SAS are testing ticket-less travel on domestic routes.

MEANWHILE, Swissair is working on a ticket-less "lite" carrier, and a new "lite" carrier, EuroBelgian Airlines Express, offering one-class service, low fares, and a paperless booking/check-in, began services last November from Brussels to Vienna, Rome and Barcelona.

Faced with the threat of ticket-less travel and reduced commissions, travel agencies are focusing on "added-value" travel management services, working on a fee basis with corporate accounts.

Travel Network, a major travel agency chain in the United States, has launched its own frequent-flier program called Matching Miles, which could set off a competitive worldwide battle for the business travel dollar.

Each time you buy a ticket on American, America West, Continental, Delta, Northwest, TWA or USAir, Travel Network gives a Matching Miles credit that counts toward a free ticket. Matching Miles has nothing to do with the airline FFP. So travelers can earn two awards at the same time — one from Travel Network and one from the airline.

AT A GLANCE: GOOD TRAVEL DEALS

Carrier/Hotel	Location	Deal
AIR UK	Europe	Buy a full-fare round-trip ticket from London (Stansted) to any of 17 destinations in Europe or Britain and claim a Casio 480 Pocket TV valued at £110 (\$170). Until Feb. 28.
BRITISH AIRWAYS	Europe	London to Scandinavia. Half-price companion fare for full-fare business class passengers. Until March 31.
HILTON INTERNATIONAL	Asia-Pacific	Discounted rates at 12 hotels in the region. Examples: Osaka Hilton (\$180); Beijing (\$99); Sydney or Seoul (\$135). Until April 23.
HOLIDAY INN EXPRESS	United States/Canada	Reduced rates of \$39 to \$59 a night at 128 hotels. Until Feb. 28.
HOLIDAY INN GOLDEN MILE	Hong Kong	Winter package for 1,450 Hong Kong dollars (\$185) a night (single/double) includes airport transfer, welcome drink, use of health club and buffet breakfast. Until March 20.
HYATT REGENCY	Hong Kong	Special rate of 1,230 Hong Kong dollars (about \$160) a night (single/double) in "superior" room, for minimum of three nights, includes buffet breakfast; hotel souvenir; and late check-out. Until March 15.
INTER-CONTINENTAL	Buenos Aires	Introductory rate of \$150 with breakfast. Until Feb. 28.
NORTHWEST/KLM	Round-the-World	Economy class fare from Hong Kong for 13,900 Hong Kong dollars (about \$1,800). Normal price 16,350 Hong Kong dollars. With unlimited stopovers. For example: Hong Kong-Tokyo-Los Angeles-Toronto-Amsterdam-Düsseldorf-Stockholm-Hong Kong. Must book between Feb. 16 and May 31.
RITZ-CARLTON	New York	"Winter in the City" package for \$350 a night in "superior" room and \$425 per night in park-view room (single or double) includes sweatshirts, cocktails, American breakfast, and use of fitness center. Friday, Saturday, or Sunday. Until April 2.
SAS	Britain/Ireland to Scandinavia/Finland	"Fly SAS Stay Free" promotion offers business-class passengers first night free (with breakfast) at 19 participating SAS Hotels; and 30 percent discount for subsequent nights. Subject to availability; hotel must be booked through SAS before departure.
SHANGRI-LA HOTELS	Asia	Up to 50 percent off normal rates with Winter Promotion; plus double mileage for FFP members of Mileage Plus, WorldPerks and Passages. Until Feb. 28.
SHERATON HUA TING HOTEL	Shanghai	"Superior" rooms for \$115 a night including airport transfers, American buffet breakfast for two, use of health club and check-out till 4 P.M. Until March 31.
SHERWOOD HOTEL	Taipei	Special rate of 6,800 Taiwan dollars (\$258) a night in "superior" room includes dinner for two with bottle of wine; buffet breakfast; use of sauna, pool and gym; and welcome fruit basket. Until Feb. 15.
TWA	Britain to United States	Two-for-one when you pay full-fare business or economy class. Must book by Jan. 31 for travel before March 15.
UNITED ARAB EMIRATES	Asia to Europe	First or business class travelers from Hong Kong to destinations in Europe can claim a two-night "Luxury Break" at a five-star Forte hotel in Dubai on their outward or return journey. Until May 31.

Although the IHT carefully checks these offers, please be forewarned that some travel agents may be unaware of them, or unable to book them.

THE ARTS GUIDE

AUSTRIA

Vienna
Kunstforum der Bank Austria, tel: (1) 711-91-7371, open daily. To March 12: "Emil Nolde." An extensive and informative collection of works by the German Expressionist painter who participated in the Brücke group and the revolutionary Neue Sezession.

Kunsthistorisches Museum, tel: (1) 52-177-489, closed Mondays. To March 26: "La Prima Donna Pittrice." This is the second exhibit of a series dedicated to famous women of the Renaissance, in which approximately 50 paintings demonstrate the painter's talent with portraits.

BRITAIN

Cambridge
Fitzwilliam Museum, tel: (223) 332-900, closed Mondays, To April 9: "Rubens and His Influence." Paintings by him and his contemporaries and foreign artists in the 16th and 17th centuries is shown through his drawings and those of his contemporaries, Brueghel, Van Dyck and Jordaens, as well as in the works of subsequent artists such as Watteau, Delacroix and Degas.

London
Barbican Art Gallery, tel: (71) 838-4141, open daily. To May 7: "Impressionism in Britain." The first major exhibition to examine fully the development of the Impressionist movement in Britain at the turn of the century. More than 200 works by more than 50 artists, including Cézanne, Conder, Dease, Knight, Lavery, Monet, Pissarro, Sickert, Sisley, Stokes and Whistler.

The National Gallery, tel: (71) 838-2321, open daily. To March 26: "The Age of Elegance." The collection of 18th-century Dutch paintings on loan from the Rijksmuseum, ranges from echoes of Rembrandt's style in the work of Arent de Gelder, to the proto-Romantic landscape of Garantje Hooft. Also included are works by Isack Ouwater, Wybrand Hendriks and Jan Vermeer.

Serpentine Gallery, tel: (71) 402-6075, open daily. To March 12: "Man Ray." Man Ray is known for creating work in all media, mixing photography with painting, creating "painting" with light, embodying illusions in his three-dimensional objects.

CANADA

Toronto
Art Gallery of Ontario, tel: (416) 977-0414, closed Tuesdays. To April 9: "Thomas Struth: Strangers and Friends." More than 40 photographs by the German contemporary photographer, dedicated to the psychology of the modern metropolis and to the intense scrutiny of everyday life.

CLOSING SOON

On Jan. 22: "The Thaw Collection: Master Drawings and New Acquisitions." Pierpont Morgan Library, New York.

On Jan. 22: "Faces of the Golden Age: The Dutch Portrait in the 17th Century." Kunsthistorisches Museum, Rotterdam.

On Jan. 22: "Satisfying Companions: Prints, Drawings and Sculptures from Gauguin to Picasso." Art Gallery of Ontario, Toronto.

On Jan. 22: "Milton Avery: Works on Paper." National Gallery of Art, Washington.

On Jan. 24: "A Century of Artists Books." Museum of Modern Art, New York.

DENMARK

Helsingør
Louisiana Museum of Modern Art, tel: (45) 419-07-19, open daily. To March 19: "Levitt Breen." Works by the California contemporary photographer focus on the effects of increasingly pervasive urbanization and industrialization.

FRANCE

Paris
Fondation Cartier pour l'Art Contemporain, tel: (1) 42-18-58-77, closed Mondays. To Feb. 19: "Hervé Zangis." Œuvres 1952-1959.

More than 30 works of art by the "pioneer of monochrome."

Luxembourg
Musée du Louvre, tel: (1) 40-20-51-51, closed Tuesdays. To April 17: "Les Effets du Soleil: Almanach sous le Régne de Louis XIV." More than 50 calendars dating from 1681 to 1715 offer an original outlook on France under Louis XIV.

GERMANY

Berlin
Brücke-Museum, tel: (30) 832-2029, closed Tuesdays. To Feb. 26: "Erich Heckel: 62 Neuerwerbungen." Fundació Joan Miró, tel: (93) 329-

lection of drawings and watercolors by the German Expressionist artist, who was one of the founders of Die Brücke.

Tokyo
National Museum of Western Art, tel: (3) 3828-5131, closed Mondays. To March 5: "German Woodcuts of the Reformation Age." 18th-century German woodprints from the Gotha City museum in Germany, including works by Dürer and Cranach, as well as political and religious satires.

UNITED STATES
Los Angeles
Los Angeles Music Center Opera, tel: (213) 872-9211. Peter Sellars' production of Debussy's "Pelléas et Mélisande," conducted by Esa-Pekka Salonen, with Monica Grop and François Le Roux.

San Francisco
Museum of Modern Art, tel: (415) 357-4000, closed Mondays. In its new downtown facilities designed by Swiss architect Mario Botta, the Museum of Modern Art has a new permanent exhibition entitled "From Matisse to Diebenkorn: Works from the Permanent Collection of Painting and Sculpture." Features approximately 250 works that give an overview of painting and sculpture from 1900 to 1980.

Washington
Corcoran Gallery, tel: (202) 638-4459, closed Tuesdays. To Feb. 20: "A Day in Elysium." "Benedicto J. Fernández's photographs commemorate the 60th anniversary of the birth of Martin Luther King, Jr.

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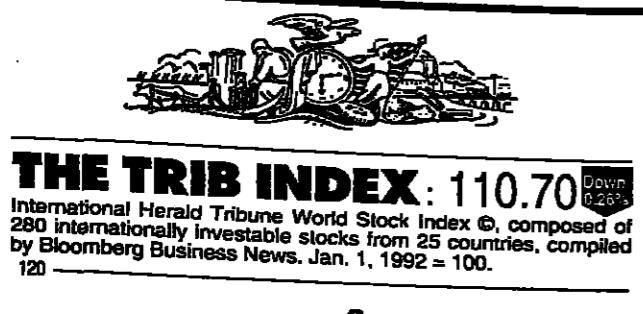
Istanbul, Suleymaniye Mosque

For further information, the detailed program and registration forms, please contact

Thomas Cook Tours

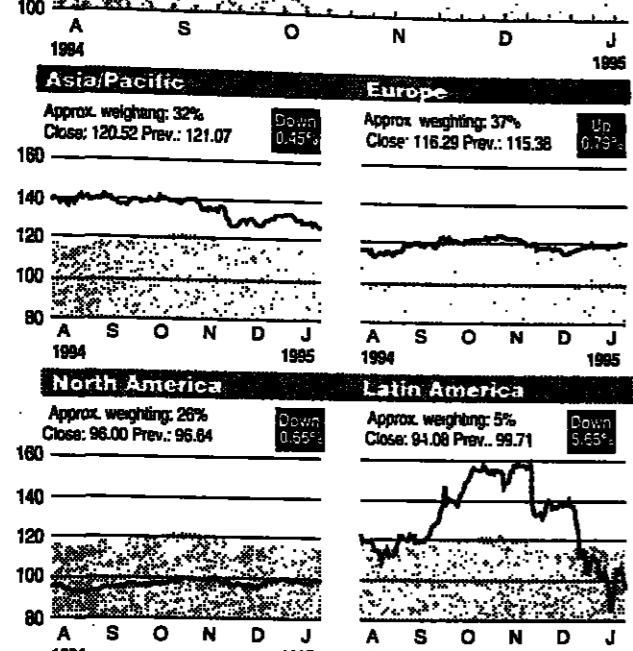
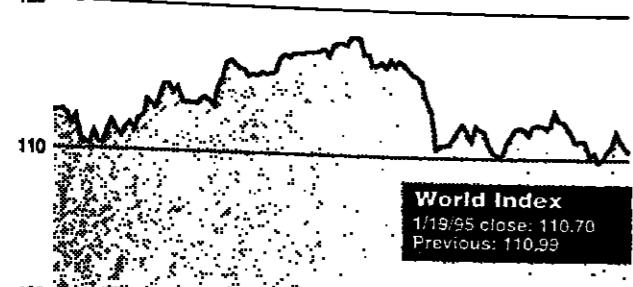
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Hahnstr. 68
D-60528 Frankfurt

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THE TRIB INDEX: 110.70

International Herald Tribune World Stock Index ©, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Hong Kong, Australia, Austria, Belgium, Canada, Chile, Denmark, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the index is composed of the top 20 issues in terms of market capitalization, otherwise the top stocks are tracked.

Industrial Sectors							
	Ths. class	Prev. class	% change	Ths. class	Prev. class		
Energy	113.30	113.00	+0.27	Capital Goods	113.24	114.07	-0.75
Utilities	119.13	120.57	-1.28	Raw Materials	135.70	134.76	+0.73
Finance	109.80	109.96	-0.15	Consumer Goods	103.21	103.33	-0.12
Services	107.95	108.55	-0.55	Miscellaneous	114.41	115.58	-1.01

For more information about the Index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92291 Neuilly Cedex, France.

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WALL STREET WATCH

Delta's Stock Gains Altitude

By Adam Bryant
New York Times Service

NEW YORK — In the absence of steady profits in recent years, large airlines have served up a stream of neck-wrenching strategy shifts, flirtations with bankruptcy and ground-breaking labor-management deals.

Given the turmoil, it is hardly surprising that most carriers have taken a turn at being considered the industry leader.

The current rising star? Delta Air Lines, which spent the holidays celebrating a federal judge's decision two days before Christmas that Delta was not liable for the demise of Pan American World Airways in 1991.

The threat of a \$2.5 billion lawsuit had cast a cloud over the stock of Delta, but once that cloud lifted, investors bid up its shares by almost \$4 to \$49.625. Its stock has continued to rise and closed at \$56 on Thursday on the New York Stock Exchange.

With Delta well on its way toward its goal of carving \$2.4 billion a year out of its operating costs by mid-1997, the carrier's prospects suddenly seem brighter than those of many of its rivals. "In many respects, Delta is the one to watch from a competitive point of view," said Paul Karos, airline analyst at CS First Boston.

News of the cost-cutting plan, announced in April, surprised many analysts and raised questions about whether an established carrier could reduce costs to the levels of leaner and younger competitors such as Southwest Airlines.

But by delegating cost-cutting responsibilities to 11 teams, the airline's top executives have so far identified or approved more than

\$2 billion in savings, said Thomas J. Roeck Jr., Delta's chief financial officer.

While such an effort is hardly unique in other industries, it helps Delta stand out among its peers. American Airlines and USAir, for example, are having trouble winning concessions or productivity gains from their unions.

Northwest and United Airlines have lowered costs through concessions-for-equity swaps with employees, but workers at both carriers expect wages to snap back soon. At Delta, only the pilots and flight dispatchers are unionized. That gives the airline flexibility its competitors do not share.

In addition, Delta has been trying to strengthen its balance sheet. In July, it repurchased \$202 million in long-term debt, and in December it said it would prepay some notes, reducing long-term debt by \$131 million.

Delta is trying not only to earn a decent profit but also to regain the reputation it once enjoyed for financial health. Its stock once regularly traded higher than that of AMR Corp., the parent of American Airlines, because of Delta's stronger balance sheet and more consistent profitability.

These days, it lags behind AMR in both areas, but it is gaining. AMR's shares closed at \$58.125 on Thursday. Delta's stock has been one of the industry's better performers, so analysts caution that the upside potential may be limited.

Julius Malatius, an airline analyst at Salomon Brothers Inc., predicted that once Delta's cost-cutting efforts started showing up in favorable year-over-year comparisons this summer, Delta's stock would start selling at a premium to AMR's.

CURRENCY & INTEREST RATES

Cross Rates

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MARKET DIARY

Trade Deficit Chills Stocks and Bonds

Compiled by Our Staff From Dispatches
NEW YORK — U.S. stocks posted their biggest losses in six weeks as a slumping dollar and a bearish reading on inflation heightened expectations the Federal Reserve Board would raise interest rates at the end of the month.

"Sentiment has just done a 180-degree turn," said William Ally, managing director in eq-

U.S. Stocks

uity trading at Jefferies & Co. A week ago, stocks staged their broadest advance since last July because a poor retail-sales report got people thinking a rate increase was unlikely.

Stocks most sensitive to rising rates, such as banks, brokerages, insurance companies and electric utilities, were among the biggest decliners on Thursday.

The Dow Jones industrial average slid 46.77, to 3,882.31. It had been as 50.47 points lower on the day, triggering the New York Stock Exchange's rule curbing stock-index arbitrage for the first time in six weeks.

The slump on Thursday shaved off much of the 71.66 points, or 1.9 percent, that the average had gained since last Thursday. On Monday, that rally saw the Dow industrials come within 50 points of its record close before retreating.

Stocks retreated as concern mounted that rising interest

rates would hurt corporate profits. At the same time, a raft of companies released lower-than-expected quarterly earnings.

Twice as many stocks fell as rose on the New York Stock Exchange and trading on the Big Board totaled 297.76 million shares on Thursday, down from 344.59 million on Wednesday.

Shares were jolted by the fall of the dollar following an unexpected widening in the U.S. trade deficit in November and a report by the Federal Reserve Bank of Philadelphia that said more manufacturers in its region reported higher prices for raw materials.

The inflationary indications caused the bond market to post its biggest loss in over a week. The benchmark 30-year Treasury bond fell 17/32 to 96 9/32 as the yield surged to 7.82 percent from 7.77 percent.

Concern about rates was compounded by evidence that rising rates are already taking their toll on corporate profits. Bear Stearns fell 1/4 to 16 1/4 and Bankers Trust rose 1/2 to 57 1/2 after issuing disappointing results that caused other share drops in the bank sector.

Teléfonos de México fell 1/8 to 34 3/8 on concerns that the U.S. Congress might be reluctant to back a plan to bail Mexico out of its currency crisis.

(Bloomberg, AP)

U.S. Trade Data Press Dollar to 10-Week Low

Compiled by Our Staff From Dispatches
NEW YORK — The dollar fell to a 10-week low against the Deutsche mark and slid against other key currencies amid concern about an unexpected widening in the U.S. trade deficit.

Many analysts expected the deficit to narrow in November.

Foreign Exchange

Instead, it widened 4.3 percent, to \$105.3 billion, as imports surged to record highs.

The dollar fell because "the trade figures were very disappointing," said Andy Bevin, a bond economist at Goldman, Sachs & Co. An increase in the number of dollars flowing out of the U.S. typically tends to undermine the currency.

The dollar fell as low as 1,511.20 DM, its weakest level since Nov. 9. The dollar closed

at 1,515.00 DM, down from 1,534.20 DM on Wednesday.

The dollar also fell to 1,2752 Swiss francs from 1,291.50 francs and declined to 5,2495 French francs from 5,3025 francs.

The pound rose to \$1.5860 from \$1.5693.

The dollar fell to 99.050 yen from 99.615 yen on Wednesday.

The dollar did not fall as far against the yen because many traders are still concerned that the earthquake in Japan will disrupt commerce in the country.

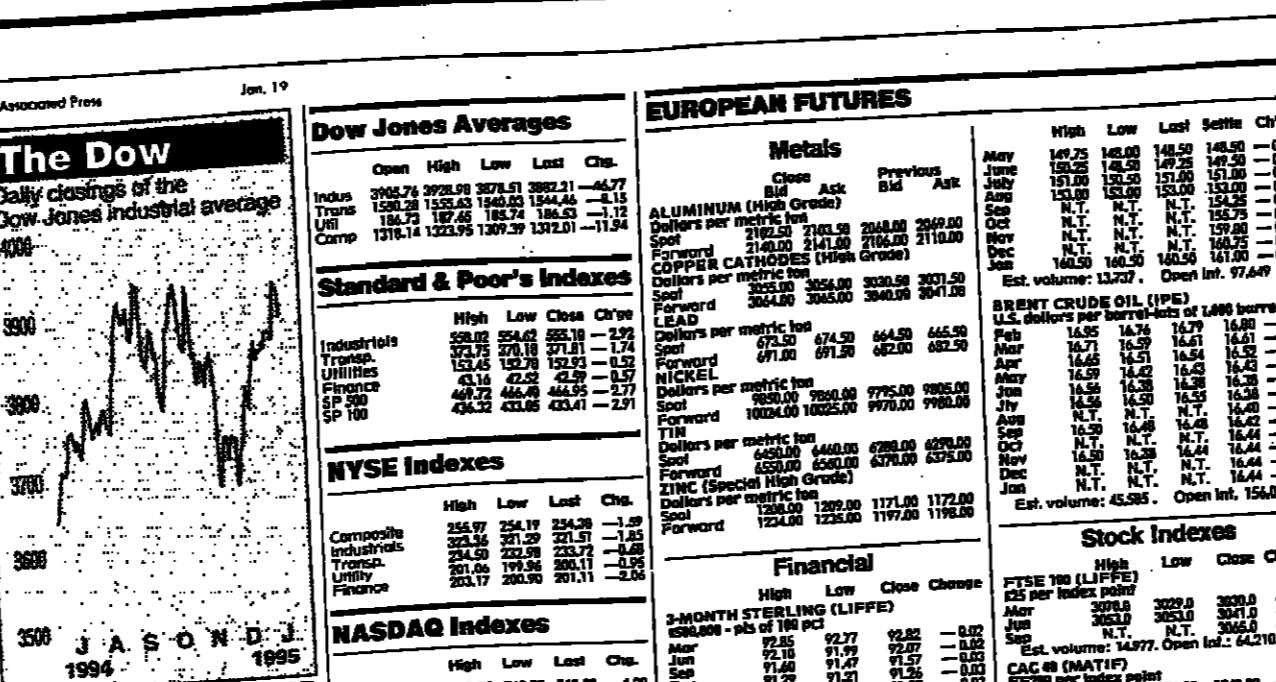
Beyond that, rebuilding efforts could spur economic growth in Japan, bolstering demand for U.S. imports, said David De Rosa, director of currency trading at Swiss Bank Corp. That could support the dollar against the yen, he said.

"However our agricultural policy develops, I think we should keep the basic

mechanism of our regime intact," Mr. Legras, director general of agriculture at the EU's executive Commission, told a meeting of French grain growers in Paris.

Studies prepared for the Union's external trade commissioner, Sir Leon Brittan, estimate that absorbing some of Eastern Europe's formerly communist states could double the EU's \$30 billion farm costs and force a radical rethink of farm policies to prevent disaster with budgets.

The four studies released this week suggested that the current policies — a maze



The Dow Daily closings of the Dow Jones Industrial average 1994

Source: Associated Press

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China Vows Crackdown On 'Hot' Currency Flows

Compiled by Our Staff From Dispatches

BEIJING — China will tighten controls on foreign-exchange inflows in a bid to prevent short-term, speculative money from coming into the country, the Xinhua news agency reported on Thursday.

The official report quoted Zhu Xiaochua, director of the State Administration of Foreign-Exchange Control, saying that "hot" money has been flowing into China to take advantage of high interest rates. A "considerable" amount of speculative money has come into China, the report quoted financial analysts as saying.

Mr. Zhu said banks must strengthen checks to prevent fraudulent purchase of foreign exchange by domestic firms, which has been made possible by recent liberalization to the foreign-exchange system. He added that the government planned to revise existing laws and limit China's foreign debt this year to help stop such practices.

China last year established an interbank market, which allows domestic companies to buy and sell foreign exchange from designated banks. But

companies must sell all of their export earnings back to state banks.

Separately, Moody's Investors Service Inc. issued a report Thursday saying that China's provinces and cities, which have been blocked by the government in Beijing from incurring debt directly, are using businesses they control to tap into public debt markets.

(Knight-Ridder)

China Brings Back Food Rationing

China has reintroduced food-ration coupons to cushion its workers from rising prices a year after abolishing the system in favor of free markets, the official China Daily reported on Thursday, according to Bloomberg Business News dispatch from Beijing.

A separate report said China would also offer one-time payouts to aid its poor over during the Chinese New Year festivities later this month.

Coupons issued in some cities in the provinces of Xinjiang, Liaoning, Shandong, Sichuan, Hunan and Anhui, allow people to buy rice and edible oil at 25 percent below the market price, the paper quoted unidentified officials saying.

Some Progress in U.S.-China Talks

By Steven Mufton

Washington Post Service

BEIJING — In a last-ditch effort to defuse a dispute, U.S. and Chinese negotiators Thursday inched toward an agreement on ways to curtail the piracy of intellectual property such as recordings, movie prints and computer software.

But U.S. officials said they still wanted China to make a "down payment" on promises to toughen copyright and patent enforcement by closing at least one of the factories that have been accused of making bootleg compact disks contain-

ing music and computer programs.

"We hope that through these negotiations the disputes between China and the U.S. on intellectual property can be settled," said Shen Guofang, a foreign ministry spokesman. "So long as the U.S. side expresses sincerity and sober-mindedness, I believe there will be an agreement," he added.

Negotiators ended a second day of talks Thursday and planned further meetings.

So far, China has launched highly publicized raids on street vendors and retailers, but it has

not moved against any of the country's 30-odd CD factories, many of which are ventures involving state-owned enterprises or ministries.

The United States has set a Feb. 4 deadline for China to make significant progress in controlling piracy of music, films and software, or face increased tariffs on Chinese-made goods imported by the United States.

China threatened to retaliate against U.S. companies seeking access to the Chinese market, singling out major U.S. automobile manufacturers.

Mr. Zobel said the Ayala real estate consortium, which includes Singaporean partners, are on the lookout for other projects so they can rechannel the group's resources.

Nissan Ends Bad Year on Bright Note; Toyota Slips

Compiled by Our Staff From Dispatches

TOKYO — Japan's top carmaker, Toyota Motor Corp., suffered declines in sales and exports in December, while rival Nissan Motor Co. posted an increase for the second consecutive month, the companies said Thursday.

But for all of 1994, Toyota outperformed Nissan, though both automakers suffered their fourth consecutive year of declining sales and exports.

Toyota said its domestic vehicle sales last month slipped 0.2 percent from December 1994, to 135,413 units, with car sales falling 6.1 percent and those of trucks and buses rising 15.3 percent.

Exports fell 2.3 percent, to 110,549 units, with car exports down 9.5 percent while shipments of trucks and buses jumped 17.4 percent.

For all of 1994, Toyota's domestic sales fell 1.2 percent, to 2,040,570 units, as sales of buses and trucks rose 3.6 percent but car sales fell 3.2 percent.

Nevertheless, domestic production rose for a fifth straight month, by 7.7 percent. Toyota sold 6.3 percent more cars, or 214,237, and 13.7 percent more buses and trucks, or 51,332.

Output for the entire year was down, by 1.5 percent, at 3,508,456 units, with car production falling 3.9 percent but that of trucks and buses rising 8.8 percent.

Nissan said its December domestic sales edged up 0.3 percent, to 73,155 units. A 4.1 percent decline in car sales was offset by a 13.6 percent increase in sales of trucks and buses.

Exports grew 10.9 percent, to 49,294 units, with a 13.7 percent increase for cars outdistancing a 1.3 percent decline among trucks and buses.

Nissan boosted domestic output for the first time in 30 months, by 7.4 percent, to 216,173 units. Car production rose 9.9 percent, outperforming the 4.7 percent decline in trucks and buses.

Brisk sales of the Cefiro model in Japan and the Maxima in the United States prompted the boost, officials said.

During all of 1994, output fell 14 percent, to 1,558,112. Car production fell 12 percent, and output of trucks and buses plunged 24.5 percent.

Both companies reported big increases in foreign production.

Toyota's output rose 23.9 percent, to 77,149 units, for December, because of brisk U.S. and British production. For the entire year, production was up 13.3 percent, to 1,051,668 units.

Nissan's December output rose 14.4 percent, to 76,390 units. (APF, Bloomberg)

■ Fewer Big Bankruptcies

The number of Japanese corporate bankruptcies fell 0.6 percent in 1994, while industrial output rose 3 percent in No-

Ayala Looks Past Lost Manila Deal To Southeast Asia

Reuters

MANILA — Fresh from losing out on what was billed as the Philippines' largest land-development deal ever, Ayala Corp. is looking to expand into Southeast Asia to take advantage of the region's growth and increasingly liberal trade environment, the company's new president said on Thursday.

"We would like to be part of what is happening in the whole ASEAN, to ride on what is happening in the region," Jaime Augusto Zobel de Ayala said.

Ayala, one of the oldest corporations in the Philippines, has interests in banking, real estate, insurance, food, information systems and telecommunications. ASEAN, the Association of South East Asian Nations, comprises Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Ayala's flagship unit, Ayala Land, recently led a consortium of local and foreign companies that bid for Fort Bonifacio, a military camp on the edge of Manila's Makati financial district, that is seen as a prime spot for development. But early this month it lost out to the Hong Kong-based Metro Pacific Corp., which backed by Indonesia's Salim Group, bid \$1.6 billion, or more than three times the government's floor price. The bid was about 9 billion pesos (\$67 million) higher than Ayala's bid.

Mr. Zobel said he did not regret losing out on the property and added that Ayala would still gain since the deal would preserve, if not boost, the value of its own property in Makati. Asked whether Ayala would be willing to take part in the development of the property if offered, Mr. Zobel said: "We'll have to assess the values, but we have no plan right now."

Mr. Zobel, who took over the presidency of Ayala from his father earlier this month, said the company was spending a lot of time identifying potential partners in the ASEAN region. "We are trying to build up key relationships and, from there, see what opportunities we can develop," he said.

Mr. Zobel, 36, said a free-trade area that will soon emerge within ASEAN offers opportunities for the company. He also said that Ayala would spin off the investment-banking office of its Bank of Philippine Islands unit into a separate corporation called BPI Capital, next month.

"We feel investment banking is a very powerful field that really has to be given an independent direction," he said. "We see the need to give investment banking a focus."

Mr. Zobel said the Ayala real estate consortium, which includes Singaporean partners, are on the lookout for other projects so they can rechannel the group's resources.

Acer Profit Rises On Increased Demand

Compiled by Our Staff From Dispatches

TAIPEI — Acer Co., Taiwan's largest computer maker, said Thursday that its profit soared in 1994 as demand for computers rose and as the company increased its operating efficiency.

Acer's after-tax profit rose 180 percent, to \$3 billion Taiwan dollars (\$114 million), or about 6 dollars per share, said Henry Wang, a company spokesman. Acer reported 1993 after-tax profit of \$1.073 billion dollars, or 2.31 dollars a share.

"The main factors contributing to Acer's success were increased demand from both brand-name and original-equipment manufacturer products, and improved control over manufacturing and logistics," said Stan Shih, Acer's chairman.

Mr. Shih added that Acer had shipped 2.2 million personal computers, 2.5 million monitors and 2.6 million keyboards in 1994, fueled by rapid sales growth in North America and other key markets.

Acer Inc. is the flagship company of the Taipei-based Acer Group.

■ Samsung Will Fight Back

South Korea's Samsung Electronics Co. Thursday refuted claims by Japan's Nintendo Corp. that it had infringed on intellectual property rights. Agence France-Presse reported from Seoul.

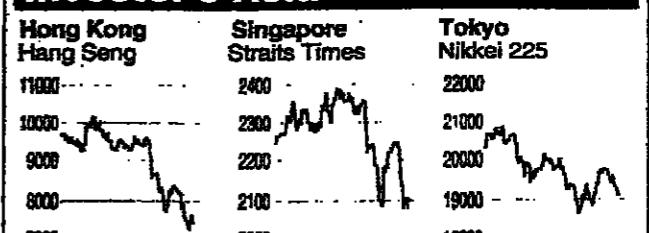
Nintendo of America, which is responsible for copyright questions for Nintendo Group, filed suit on Wednesday in the United States accusing Samsung of large-scale piracy of the program for its hit video game "Donkey Kong Country."

"We will initiate our own legal proceedings against Nintendo Co.," said a Samsung spokesman.

Nintendo said counterfeit cartridges containing Samsung-produced components had been found on markets in Asia, Latin America, Europe, the Middle East and the United States.

Industrial production in November grew 3 percent — revised from 2.7 percent — compared with October, the Ministry of International Trade and Industry said Thursday.

Investor's Asia



Exchange	Index	Thursday Close	Prev. Close	% Change
Hong Kong	Hang Seng	7,422.00	7,630.20	-2.73
Singapore	Straits Times	2,081.33	2,103.56	-1.06
Tokyo	Nikkei 225	19,075.74	19,223.31	-0.77
Kuala Lumpur	Composite	901.72	918.74	-1.85
Bangkok	SET	1,263.35	1,265.57	-0.17
Seoul	Composite Stock	974.90	966.66	+0.85
Taipei	Weighted Price	6,598.02	6,623.52	-0.38
Manila	PSE	2,554.38	2,539.59	+0.58
Jakarta	Stock Index	451.79	449.84	+0.43
New Zealand	NZSE-40	1,979.76	1,954.63	+1.29
Bombay	National Index	1,758.39	1,754.02	+0.25

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

• Bayer AG and Wuxi Dyestuff Factory have founded an \$18 million dye venture in China, to begin operation in 1997.

• Polaroid Corp. said it was increasing its sales force in China by six-fold this year to strengthen its market penetration.

• News Corp.'s STAR TV unit said viewership in Taiwan "practically doubled" in 1994, reaching 9.6 million in December, based on data from Survey Research Taiwan.

• Northern Telecom Ltd. of Canada has signed a \$48 million contract with Singapore Telecom Mobile Link Pte., which is wholly owned by Singapore Telecommunications Ltd., to supply and install the city-state's latest mobile telephone network.

• The Agricultural Bank of China bought Wuhan Freight Container Co. for 42 million yuan (\$5 million). Wuhan, one of the largest Chinese companies to go bankrupt, has debts totaling 146 million.

Bloomberg, AP, AFP, IFAA

Sime Darby Seals Venture

Agence France-Presse

KUALA LUMPUR — Sime Darby Bhd., Malaysia's largest multinational corporation, unveiled plans Thursday to extend its metal-working business via a joint venture with the state development agency.

The joint venture will be invited to take 19 percent.

The joint venture will acquire an existing unit of the Trengganu development agency involved in manufacturing steel structures for the oil-and-gas industry.

Sime Darby's SD Holdings unit sealed a deal with Perbadanan Membangun Negeri Trengganu, the development corporation of the oil-rich eastern state. Trengganu, to jointly develop the state's metal-working industry.

SD Holdings will take 51 percent of the equity in the joint venture, with the state development agency acquiring 30 percent. The Trengganu government's investment arm, Permodalar, Trengganu Bhd., will be invited to take 19 percent.

The joint venture will acquire an existing unit of the Trengganu development agency involved in manufacturing steel structures for the oil-and-gas industry.

Sime Darby is a diversified conglomerate with core businesses in heavy-equipment manufacturing, property development, and energy.

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SPORTS



Stefan Edberg gained the round of 32 in Melbourne on the day he turned 29.

Edberg and Agassi Heat Up, Others Just Melt

The Associated Press

MELBOURNE — Stefan Edberg celebrated his 29th birthday Thursday with a straight-set victory that propelled him to a place where he feels very much at home: the third round of the Australian Open.

The two-time champion downed Romanian qualifier Adrian Voinea, 6-3, 7-6 (7-3), 6-4.

Andre Agassi, who hasn't had much time to get used to the venue, looked just as comfortable as he roared to a 6-2, 6-3, 6-1 triumph over French qualifier Jerome Golmard in the evening session.

Agassi, making his first appearance at the Open, took just 93 minutes to book his spot in the round of 32, cleverly moving Golmard around the court with fierce groundstrokes.

Then, after a 202 kph (125.5 mph) serve that just missed, he flexed his right arm muscles, then laughed and joked with spectators.

"What a great reception. I'm having the best time," Agassi said, while also underlining his serious intent when he said: "I'm here to win every Grand Slam I can."

Three other seeds, Todd Martin, Yevgeni Kafelnikov and Thomas Muster, also won second-round matches as the temperature rose above 33 centigrade (92 Fahrenheit) during the day and players sweltered on court.

"I had to work very hard because he's a young and upcoming guy," Edberg said. "He's another one who could be a very good player. They're young and hungry. I'm old and hungry."

Edberg, the No. 6 seed, hopes to maintain his record of having made at least the quarterfinals at every Australian Open since 1984. He won on the grass courts of Kooyong in 1985 and 1987, but has not

taken home a title since the tournament was moved to the National Tennis Center seven years ago.

"Winning another Grand Slam is the goal for me," Edberg said. "It's still great to be out there."

He was cheered on by a large group of Swedish fans, faces painted, who chanted songs in his praise and sang birthday greetings. He bowed to them at the end.

Martin, who was beaten by Pete Sampras in last year's final and seeded No. 8 this year, was treated for a bloody nose in the second set but had no difficulty in defeating Jean-Philippe Fleurant of France, 6-4, 6-2, 6-3.

Kafelnikov, the 10th seed from Russia and one of the newest stars of the sport, moved on with a 4-6, 6-3, 6-1, 6-3 victory over Kenneth Carlsen of Denmark — who had a band of supporters every bit as enthusiastic as Edberg.

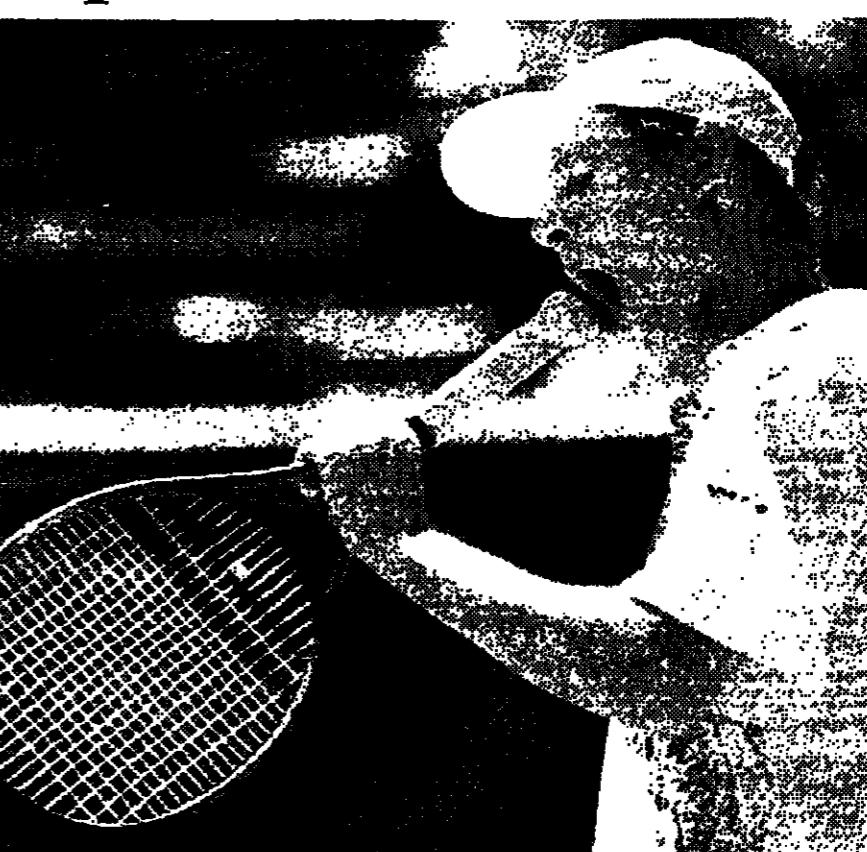
Muster, the No. 14 seed, beat French qualifier Thierry Guardiola, 6-3, 7-6 (7-3), 6-2, and said, "I was the better player, but I probably could have been more aggressive."

Two seeded players were eliminated.

Wayne Ferreira, No. 11 and a semifinalist here in 1992, lost to Aaron Krickstein, 6-3, 6-7 (8-10), 7-6 (7-4), 6-3, in a three-hour match. And No. 16 Richard Krajicek was surprised, 7-6 (7-5), 6-4, 6-3, by Marcos Ondruska of South Africa.

Ferreira made an incredible 100 unforced errors to 29 by Krickstein and lost despite hitting 71 winners to just 23 by the American baseliner.

"I'd beaten him all three times coming into the match so I felt pretty good," Krickstein said. "But I put in the work. I'm in as good a shape as anyone in this tournament."



Yevgeni Kafelnikov didn't have to eat his racket; he advanced with his elders.

Patrick McEnroe, who in the first round sent Paul Becker packing, won again with a 6-3, 7-5, 6-3 defeat of Jeremy Bates of Britain on an overfilling Court 6.

"It was the first really hot day and a lot of players were struggling a bit," said McEnroe, who was treated for heat exhaustion after the match. "I felt the sun just beating on me."

McEnroe, winner of last week's New South Wales Open, lost in the first round of all four Grand Slams last year.

Other winners included the rising German star Hendrik Dresckmann — who beat Fabrice Santoro of France, 6-3, 6-4, 6-2, and now faces Edberg — and experienced Czech left-hander Petr Korda, who beat Lars Bergström of Germany, 2-6, 5-7, 6-4, 7-6 (7-2), 7-5.

Guy Forget became another Frenchman to lose, by 6-4, 6-2, 6-4, 6-3 to Jonas Björkman of Sweden.

The French Davis Cup captain, Yannick Noah, stormed off the grounds, furious with his countrymen after their miserable performances. Thursday's defeats followed the first-round losses of Cedric Pioline and Arnaud Boetsch.

"It's one of the worst scenarios that we could imagine," said Noah, whose squad

plays the U.S. team in Florida in two weeks. "They are not ready. There is a problem with their preparation and their attitude. They're playing as if they were at a beach tournament. It's quite bad."

"I cannot be satisfied because only Olivier Delaître is still in the tournament," Noah said. "I will be talking to them tomorrow. Something is wrong."

Arantxa Sánchez Vicario, the women's top seed, breezed along with a 6-2, 6-1 triumph over Tami Whiting Jones of the United States and now will play Zina Garrison Jackson.

"I concentrated better and when I needed it I served well," said Sánchez Vicario.

Jana Novotna, the No. 3 seed, recovered from a shaky start to beat fellow Czech and longtime rival Helena Suková, 3-6, 6-3, 6-2, and served 10 aces in the process.

She now plays Lisa Raymond of the United States, who ousted the last Australian survivor, Kristin Godridge, 6-4, 6-3.

Kimiko Date, the No. 7 seed who still is troubled by a stomach muscle injury, beat American veteran Patty Fendick, 6-4, 6-3.

"Compared to yesterday it was a lot less painful," Date said. "I changed my ball toss, served at a slower pace and that helped."

Young America Nips Stars & Stripes in Stirring Race

Compiled by Our Staff From Dispatches

SAN DIEGO — It was a day for the young in the America's Cup trials as Young America, the undefeated defense contender, held off an all-day attack by Dennis Conner's Stars & Stripes by 18 seconds in the closest race since the competition began five days earlier.

Youth was served on both sides as Conner turned over the helm to the next generation. With the 52-year-old, five-time Cup skipper kibitzing, his heir apparent, Paul Cayard, 35, steered a nearly flawless race for Stars & Stripes but never managed to reach the speed needed to slip past the Young America.

Cayard, who skippered Italy's 1992 America's Cup entry, is now part of Conner's crew.

"If he isn't the best skipper in the world, I'd like to know who is," Conner said.

There were no surprises for the challengers, as Team New Zealand stayed well ahead of one Australia to win by 1 minute, 36 seconds. It was the New Zealanders' third consecutive victory and kept them in the lead in the Louis Vuitton Cup competition for challengers.

Light winds forced the postponement of the race between Sydney '95 and the Tag Heuer Challenge boat, and the one between Nippon and Rioja de Espana. They will be sailed Sunday.

The unpredictable winds also delayed the start of the defenders' race for about an hour.

Young America upped its record to 3-0 while Conner fell to 1-2 in the opening

round. It was the first time that the two all-American defense entries had squared off, and the level of sailing reflected the greater big-boat experience of both compared to the women's America3 team (1-3), which had off.

Young America's skipper, Kevin Mahaney, carved out a perfect start on the left side, where he hoped to pick up the first freshets of a budding sea breeze. The tactic worked as he poked out to a four-boat-length lead and stretched it by staying to the left side of the course and forcing Cayard to the right as the breeze continued to build.

Mahaney led by 62 seconds at the first turning mark, but that proved the biggest margin of the day as Cayard came roaring back. Stars & Stripes set a large spinnaker

on the next downwind leg while Mahaney's crew set a small one. Cayard gained back half the distance before Mahaney ordered a sail change to match the big 'chute.

From that point on it was nip and tuck, with Mahaney dictating terms from ahead and Cayard forcing the action from astern, pushing as far as one or two boat lengths but never getting in front.

On the challengers' course, Team New Zealand found what little wind there was by hoisting a crew member up its hundred-foot mast.

Murray Jones, a member of the afterguard, remained aloft for two-thirds of the race. He said later, jokingly, that he would be checking to see if his contract included mast duty.

(WP, Reuters, AP)

SCOREBOARD

NBA Standings

EASTERN CONFERENCE

Atlantic Division

Central Division

Midwest Division

Western Conference

Pacific Division

1: Addison 9-18 3-3 23. Duncans 9-16 3-3 20. Kings 9-17 3-3 21. Lakers 11-17, 10-19. Pistons 10-18 3-3 19. Suns 15-24 3-3 16. 16-21 15-16. 17-22 17-18. 18-23 18-19. 19-24 19-20. 20-25 20-21. 21-26 21-22. 22-27 22-23. 23-28 23-24. 24-29 24-25. 25-30 25-26. 26-31 26-27. 27-32 27-28. 28-33 28-29. 29-34 29-30. 30-35 30-31. 31-36 31-32. 32-37 32-33. 33-38 33-34. 34-39 34-35. 35-40 35-36. 36-41 36-37. 37-42 37-38. 38-43 38-39. 39-44 39-40. 40-45 40-41. 41-46 41-42. 42-47 42-43. 43-48 43-44. 44-49 44-45. 45-50 45-46. 46-51 46-47. 47-52 47-48. 48-53 48-49. 49-54 49-50. 50-55 50-51. 51-56 51-52. 52-57 52-53. 53-58 53-54. 54-59 54-55. 55-60 55-56. 56-61 56-57. 57-62 57-58. 58-63 58-59. 59-64 59-60. 60-65 60-61. 61-66 61-62. 62-67 62-63. 63-68 63-64. 64-69 64-65. 65-70 65-66. 66-71 66-67. 67-72 67-68. 68-73 68-69. 69-74 69-70. 70-75 70-71. 71-76 71-72. 72-77 72-73. 73-78 73-74. 74-79 74-75. 75-80 75-76. 76-81 76-77. 77-82 77-78. 78-83 78-79. 79-84 79-80. 80-85 80-81. 81-86 81-82. 82-87 82-83. 83-88 83-84. 84-89 84-85. 85-90 85-86. 86-91 86-87. 87-92 87-88. 88-93 88-89. 89-94 89-90. 90-95 90-91. 91-96 91-92. 92-97 92-93. 93-98 93-94. 94-99 94-95. 95-100 95-96. 96-101 96-97. 97-102 97-98. 98-103 98-99. 99-104 99-100. 100-105 100-101. 101-106 101-102. 102-107 102-103. 103-108 103-104. 104-109 104-105. 105-110 105-106. 106-111 106-107. 107-112 107-108. 108-113 108-109. 109-114 109-110. 110-115 110-111. 111-116 111-112. 112-117 112-113. 113-118 113-114. 114-119 114-115. 115-120 115-116. 116-121 116-117. 117-122 117-118. 118-123 118-119. 119-124 119-120. 120-125 120-121. 121-126 121-122. 122-127 122-123. 123-128 123-124. 124-129 124-125. 125-130 125-126. 126-131 126-127. 127-132 127-128. 128-133 128-129. 129-134 129-130. 130-135 130-131. 131-136 131-132. 132-137 132-133. 133-138 133-134. 134-139 134-135. 135-140 135-136. 136-141 136-137. 137-142 137-138. 138-143 138-139. 139-144 139-140. 140-145 140-141. 141-146 141-142. 142-147 142-143. 143-148 143-144. 144-149 144-145. 145-150 145-146. 146-151 146-147. 147-152 147-148. 148-153 148-149. 149-154 149-150. 150-155 150-151. 151-156 151-152. 152-157 152-153. 153-158 153-154. 154-159 154-155. 155-160 155-156. 156-161 156-157. 157-162 157-158. 158-163 158-159. 159-164 159-160. 160-165 160-161. 161-166 161-162. 162-167 162-163. 163-168 163-164. 164-169 164-165. 165-170 165-166. 166-171 166-167. 167-172 167-168. 168-173 168-169. 169-174 169-170. 170-175 170-171. 171-176 171-172. 172-177 172-173. 173-178 173-174. 174-179 174-175. 175-180 175-176. 176-181 176-177. 177-182 177-178. 178-183 178-179. 179-184 179-180. 180-185 180-181. 181-186 181-182. 182-187 182-183. 183-188 183-184. 184-189 184-185. 185-190 185-186. 186-191 186-187. 187-192 187-188. 188-193 188-189. 189-194 189-190. 190-195 190-191. 191-196 191-192. 192-197 192-193. 193-198 193-194. 194-199 194-195. 195-200 195-196. 196-201 196-197. 197-202 197-198. 198-203 198-199. 199-204 199-200. 200-205 200-201. 201-206 201-202. 202-207 202-203. 203-208 203-204. 204-209 204-205. 205-210 205-206. 206-211 206-207. 207-212 207-208. 208-213 208-209. 209-214 209-210. 210-215 210-211. 211-216 211-212. 212-217 212-213. 213-218 213-214. 214-219 214-215. 215-2

Parker Bowles Granted

Uncontested Divorce

Camilla Parker Bowles, who has been linked romantically to Prince Charles, was granted an uncontested divorce Thursday from her husband, Brigadier Andrew Parker Bowles. The couple said in a joint statement earlier this month that they had jointly agreed to the split. Charles and Princess Diana formally separated in December 1992, but their attorneys say they have not discussed divorce.

Scores of directors, actors and movie lovers flocked to a three-day conference in Rome in honor of Federico Fellini, who died on Oct. 31, 1993, would have been 75 on Friday, when an exhibition of his work opened in Rome before going to Germany, the United States, Britain and Japan. "I find it hard to believe there won't be any more Fellini films," the director Martin Scorsese said in a videotape address to the conference.

"Without his magnificent presence the world seems a little smaller, a little grayer."

The Academy of Motion Picture Arts and Sciences will present Clint Eastwood with the Irving G. Thalberg Award for "consistently high quality of motion picture production."

Billy Joel, on tour in Japan, is giving some of the proceeds from his two Osaka concerts to victims of the earthquake. Joel was asleep at the Osaka Hotel Plaza when the quake occurred and was not hurt.

Boston College has bought the library and personal archives of the late Graham Greene for an undisclosed sum. Bloomsbury Book Auctions of London said the John J. Burns Library of the college bought more than 300 books and 60,000 personal papers. Proceeds will go to support the writer's sister, Elizabeth.

OBSERVER

The Vital Paupers

By Russell Baker

NEW YORK — There is probably no solution to the welfare problem. It is the incapable product of an economic system with which the powers that be are quite content.

This is why politicians and social planners are limited to tinkering with the going welfare system. Attacking the problem at its root would mean admitting it is rooted in the structure of American capitalism.

Nobody's life wants to concede any shortcoming in that structure. That's why politicians calling for welfare reform sometimes seem to be talking nonsense. For instance:

The health of the American economy obviously depends on keeping a percentage of the work force unemployed. The Federal Reserve Board sees to this by constantly raising interest rates to prevent the economy from "overheating."

Among other things, "over-heating" means fewer out-of-work people looking for jobs. This is said to make wages rise and promote inflation. Inflation is now widely considered one of the greatest perils facing the American economy.

By raising interest rates, the Fed's economic wizards choose the lesser evil: Better to keep people unemployed than open the door to Ole Devil Inflation. In short, the system requires a degree of permanent unemployment to stay healthy. Something around 5 percent seems to be just about right.

The economy's need for unemployment is gratified not just by the Fed's police work, but also by the existence of a marginal class of people highly qualified to be out of work.

The chief qualification, of course, is lack of education. America is rich nowadays in lack of education. It abounds not merely in the profoundly

hopeless ignorance of the high-school student who can't read, but also in the sadder ignorance of smart-enough people whom dismal schools leave unfit for the technological and professional jobs that pay off in this age of sedentary labor.

What do our leaders propose?

To make welfare recipients go to work. The absurdity of this work-or-do-without theory is surely obvious to the politicians.

Talk about combining '60s funk and jazz with cutting-edge hip-hop recording technology has so far been more interesting than reality. So-called acid jazz (neither a better nor less arbitrary name than bebop) tends to run out of steam after about three tracks. Based in Maisons-Alfort, a suburb of Paris, Big Cheese, a division of Le Fromage Productions, is betting it will mature. They are releasing albums and getting them distributed, printing logos on decals, baseball caps and T-shirts, handing out flyers and pasting up concert posters while confederating with their likes — La Dolce Vita in Switzerland, Right Tempo in Italy, Creative Vibes in Australia, Groove Attack in Germany and Giant Steps in New York.

Simon Hoare met Yamani Dazi, professionally known as DJ Momo, four years ago in the latter's record shop in Montparnasse, which was selling mostly 33 RPM vinyls. They worked clubs together as DJs and still do it from time to time (now playing a lot of acid jazz).

But the clubs keep closing. "Politically, Paris is becoming very right-wing," Hoare says. "They're clamping down on minorities." This music appeals principally to minorities.

The 27-year-old Hoare gives the impression of being what used to be called a nice young man. No ponytail, no earring, all ears, taking care of business with a genuine smile. He explains that Big Cheese is a nonprofit association because "it's easier, cheaper to set up, less paperwork and lawyers, and people relate to us better. We pay salaries and the artists and all that, but our principal aim is cultural."

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Big Cheese employs six in Paris, two in London and one in Switzerland. They are just getting some momentum selling promotional material, where the real money is made. "Record sales do not amount to much, it's everything around it," Hoare shrugs, not very depressed by it: "Record bags, hats, T-shirts — we're doing our own publishing and promoting Big

On Record, Big Cheese's Acid Jazz Menu

By Mike Zwerin

International Herald Tribune

PARIS — The triumvirate running Big Cheese Records is a picture postcard of the federalist image of Europe — Yamani Dazi, an Algerian Frenchman; Fred Moyal, an Italian Jew, and the Englishman Simon Hoare.

Their latest compilation CD, "The Menu" ("10 fresh slices à la carte"), presents acid jazz bands from France, Britain, Italy and Switzerland with names like Schkoon Heepoo, Walk Tall, Malka Family, Taudi Symphony and Quintetto X.

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What can the poor politician propose as reform? Obviously something is wrong in Welfare World. With the working classes in an uncharitable lather about paying taxes to keep the nonworking class afloat, politicians cannot just stand there. They must do something.

What a pickle for a pol. Can he say, "The welfare mess exists because our basic economic system demands that we have mess-making people living in society's margins?"

So we have this tinkering, which cannot do much about the welfare problem except to buck it back to the states, or counties, or towns, which can't cope with it except by courting bankruptcy or practicing cruelty.

A few politicians are talking about federal job-training programs and improving education. This approach rests on Andrew Undershaft's theory, propounded by George Bernard Shaw in "Major Barbara," that a well-paid citizen working in a factory that makes weapons of war is better for world peace and stability than a pauper taking handouts from the Salvation Army.

That theory founders, however, in a system whose health demands a goodly supply of paupers living on handouts. The 27-year-old Hoare gives the impression of being what used to be called a nice young man. No ponytail, no earring, all ears, taking care of business with a genuine smile. He explains that Big Cheese is a nonprofit association because "it's easier, cheaper to set up, less paperwork and lawyers, and people relate to us better. We pay salaries and the artists and all that, but our principal aim is cultural."

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